

**COUNTY OF TEHAMA,
CALIFORNIA**



**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2019**

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COUNTY OF TEHAMA
Annual Financial Report
For the Year Ended June 30, 2019

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INTRODUCTORY SECTION

- **List of Officials**

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COUNTY OF TEHAMA
List of Officials
For the Year Ended June 30, 2019

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
Agricultural 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/County Director	Josh Davy
Fire Warden - Chief	Christine Thompson
Health Officer	Vacant
Health Services Agency – Executive Director	Valerie Lucero
Personnel Director	Missy Bullington
Public Guardian – Public Administrator	Melani Rodriguez
Social Services Director/IHSS Public Authority Director	Laura Williams
Solid Waste Management Agency Director	Rachel Ross
Veterans Service Officer	Andrew Norwood

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FINANCIAL SECTION

- **Independent Auditor's Report**
- **Management's Discussion and Analysis**
- **Basic Financial Statements**
- **Required Supplementary Information**
- **Combining Nonmajor Fund Financial 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, 2019, 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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The 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.

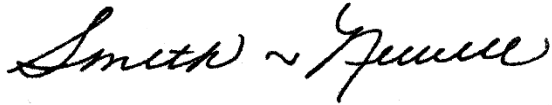
The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 9, 2020, 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.

A handwritten signature in cursive script, appearing to read "Smith & Newell".

Smith & Newell CPAs
Yuba City, California
March 9, 2020

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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, 2019

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, 2019. 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 \$223,625,129 (net position). Of this amount, \$43,522,191 is restricted by function, \$246,193,789 is net investment in capital assets, and (\$66,090,851) is unrestricted.
- The government's total net position increased by \$39,414,180 during the year.
- As of June 30, 2019 the County's governmental funds combined ending fund balances were \$44,906,626. This is a net increase of \$509,423 from the prior year, and is comprised of \$39,461,227 in non-spendable and/or restricted fund balance and \$5,445,399 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 Governmental Accounting Standards Board (GASB 34). This model is comprised of three parts: 1) Management's 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 activity of the County includes general government,

COUNTY OF TEHAMA
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

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 is 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: General fund, Road fund, Public Safety fund, Public Assistance fund and the Health Services fund. Data from other governmental funds including, but not limited to, Child Support, Building & Safety, Fire, Senior Nutrition and Air Pollution are 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), 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 OPEB benefits to its employees; infrastructure assets reported using the modified approach and budgetary comparisons for the General fund and other governmental major special revenue funds.

COUNTY OF TEHAMA
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

E. Annual Audit Requirements

A county-wide 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 2018/19 financial statements was conducted by the firm Smith & Newell.

III. GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Condensed Statement of Net Position
June 30, 2019**

	Governmental Activities		Business-Type Activities		Total	
	2018	2019	2018	2019	2018	2019
Current and other assets	\$ 72,052,726	\$ 66,502,443	\$ 259,887	\$ 330,922	\$ 72,312,613	\$ 66,833,365
Capital assets	218,058,215	257,302,635	780,107	740,745	218,838,322	258,043,380
Total Assets	290,110,941	323,805,078	1,039,994	1,071,667	291,150,935	324,876,745
Deferred Outflows of Resources	22,889,276	17,164,696	-	-	22,889,276	17,164,696
Current and other liabilities	21,410,221	7,519,490	60,740	11,961	21,470,961	7,531,451
Long term liabilities	105,371,515	107,904,037	309,700	314,700	105,681,215	108,218,737
Total Liabilities	126,781,736	115,423,527	370,440	326,661	127,152,176	115,750,188
Deferred Inflows of Resources	2,677,086	2,666,124	-	-	2,677,086	2,666,124
Net investment in capital assets	206,330,701	245,767,744	446,907	426,045	206,777,608	246,193,789
Restricted	32,442,499	43,522,191	-	-	32,442,499	43,522,191
Unrestricted	(55,231,805)	(66,409,812)	222,647	318,961	(55,009,158)	(66,090,851)
Total Net Position	\$ 183,541,395	\$ 222,880,123	\$ 669,554	\$ 745,006	\$ 184,210,949	\$ 223,625,129

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. A decrease in cash & investments of \$14.5 million, along with an increase in receivables of \$8.7 million and a road infrastructure and construction in progress adjustment of approximately \$39 million resulted in a net increase in total assets of \$33.7 million.

Restricted net position of \$43,522,191 represents resources that are subject to external restrictions on how they may be used. The increase of \$11 million is due to a cumulative increase in all functions except for a slight decrease in general government.

The total deferred outflows of resources for governmental activities were \$17,164,696 and deferred inflows of resources were \$2,666,124. Both numbers are a result of recording pension liability, pension adjustments, OPEB liability and OPEB adjustments. Deferred outflows of resources decreased by 25.0 percent and deferred inflows of resources decreased by 0.41 percent. 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 and net OPEB calculations.

COUNTY OF TEHAMA
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

Statement of Activities
For the Year Ended June 30, 2019

	Governmental Activities		Business-Type Activities		Total	
	2018	2019	2018	2019	2018	2019
Program Revenues:						
Charges for services	\$ 29,280,341	\$ 32,880,580	\$ 177,231	\$ 170,771	\$ 29,457,572	\$ 33,051,351
Grants and contributions	73,634,587	85,707,033	92,974	95,922	73,727,561	85,802,955
General Revenues:						
Property taxes	21,235,733	22,483,495	-	-	21,235,733	22,483,495
Other taxes	5,200,893	7,225,032	-	-	5,200,893	7,225,032
Interest and investment earnings	1,032,637	1,433,571	3,554	5,465	1,036,191	1,439,036
Other revenue	1,298,797	2,078,016	-	25	1,298,797	2,078,041
Gain (loss) on disposal of capital assets	-	(2,348,873)	-	-	-	(2,348,873)
Total Revenues	<u>131,682,988</u>	<u>149,458,854</u>	<u>273,759</u>	<u>272,183</u>	<u>131,956,747</u>	<u>149,731,037</u>
Expenses:						
General government	21,659,206	23,601,657	-	-	21,659,206	23,601,657
Public protection	42,964,376	41,334,209	-	-	42,964,376	41,334,209
Public ways and facilities	9,607,275	8,801,733	-	-	9,607,275	8,801,733
Health and welfare	23,629,996	27,780,805	-	-	23,629,996	27,780,805
Public assistance	42,106,218	44,525,821	-	-	42,106,218	44,525,821
Education	1,111,600	1,040,109	-	-	1,111,600	1,040,109
Culture and recreation	345,847	422,414	-	-	345,847	422,414
Interest and fiscal charges	505,803	490,976	-	-	505,803	490,976
Sanitation District	-	-	308,416	196,731	308,416	196,731
Total Expenses	<u>141,930,321</u>	<u>147,997,724</u>	<u>308,416</u>	<u>196,731</u>	<u>142,238,737</u>	<u>148,194,455</u>
Changes in net position	(10,247,333)	1,461,130	(34,657)	75,452	(10,281,990)	1,536,582
Net position, beginning	194,721,960	183,541,395	704,211	669,554	195,426,171	184,210,949
Prior period adjustment	-	37,877,598	-	-	-	37,877,598
Cumulative effect of change in accounting principle	(933,232)	-	-	-	(933,232)	-
Net position, ending	<u>\$ 183,541,395</u>	<u>\$ 222,880,123</u>	<u>\$ 669,554</u>	<u>\$ 745,006</u>	<u>\$ 184,210,949</u>	<u>\$ 223,625,129</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 an increase of \$39,338,728 and business-type activities had an increase of \$75,452. The result was an overall increase in net position of \$39,414,180.
- There was a rather large increase in revenue from grants and contributions. Other areas that saw increases were charges for services, other taxes and other revenue.
- There was a slight decrease in expenditures for public protection, public ways & facilities and education and to a lesser degree health & welfare, public assistance and general government saw increases.

IV. FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

COUNTY OF TEHAMA
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

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, 2019, the County's governmental funds reported combined ending fund balances of \$44,906,626. Approximately 12.1 percent of this total amount, or \$5,445,399, 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, 2019, combined unrestricted fund balance of the General fund was \$7,029,433, while total combined fund balance reached \$10,756,397. As a measure of the General fund's liquidity, the unrestricted fund balance represents 23 percent of \$31,194,560 in total fund expenditures (down from 29 percent last year), and total fund balance is 35 percent of that same amount (down from 41 percent last year). Overall fund balance decreased by \$1,574,414.

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. Nonspendable amounts are not available for operations.

The Road funds are 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 \$4,365,236. Of this amount \$3,908,284 is available and the remaining \$456,952 is nonspendable. The overall fund balance increased by \$679,850.

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 \$8,514,620. Of this amount, \$8,385,060 is available and the balance of \$129,560 is nonspendable. The overall fund balance increased by \$660,999.

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, 2019, the total combined fund balance of the Public Assistance funds was \$3,234,224. This represents an available fund balance of \$2,946,722 and an overall increase in fund balance of \$1,396,576.

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, 2019 the combined Health Services funds had a deficit unassigned fund balance of (\$9,566,022). 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.

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 20 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.

COUNTY OF TEHAMA
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

**Revenues Classified by Source
Governmental Funds**

Revenue Sources	FY 2018		FY 2019		Change	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
Taxes	\$ 25,402,008	19.1%	\$ 28,609,867	19.4%	\$ 3,207,859	12.6%
Licenses and permits	2,905,790	2.2%	3,284,464	2.2%	378,674	13.0%
Fines and forfeitures	2,445,265	1.8%	2,225,022	1.5%	(220,243)	-9.0%
Use of money and property	1,006,603	0.8%	1,399,527	0.9%	392,924	39.0%
Intergovernmental	74,257,357	55.9%	81,512,542	55.2%	7,255,185	9.8%
Charges for services	24,963,904	18.8%	28,469,754	19.3%	3,505,850	14.0%
Other	1,840,700	1.4%	2,078,016	1.4%	237,316	12.9%
Total Revenues	\$ 132,821,627	100.0%	\$ 147,579,192	100.0%	\$ 14,757,565	

Significant changes for major revenue sources are explained below:

- **TAXES** – There was a significant increase in Property Tax in Lieu of VLF and Sales Tax based revenues including Realignment funding.
- **LICENSES & PERMITS** – There were increases of \$266,314 in Carl Moyer revenue, \$69,000 more franchise fees for Solid Waste and \$66,000 in environmental health permits.
- **FINES & FORFEITURES** – There was a \$521,602 decrease in penalties & costs on delinquent tax payments.
- **USE OF MONEY & PROPERTY** – Benefit of increased interest on the pooled treasury.
- **CHARGES FOR SERVICES** – The increase was mostly due to a \$2,655,709 increase in Mental Health, a \$227,708 increase in institutional care for clients in the juvenile hall and a \$154,548 increase in fire services, along with lesser increases in planning & engineering services and vehicle abatement reimbursements.
- **OTHER** – \$1 million in tribal donations contributed largely to the net increase, offset by decreases in other miscellaneous revenue areas.

**Expenditures by Function
Governmental Funds**

Expenditures by Function	FY 2018		FY 2019		Change	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
General government	\$ 20,876,156	14.2%	\$ 22,440,709	15.2%	\$ 1,564,553	7.5%
Public protection	39,105,907	26.6%	39,731,959	27.0%	626,052	1.6%
Health and welfare	22,466,321	15.3%	25,766,708	17.5%	3,300,387	14.7%
Public assistance	40,750,509	27.7%	42,235,242	28.7%	1,484,733	3.6%
Education	1,044,662	0.7%	824,591	0.6%	(220,071)	-21.1%
Recreation and cultural services	285,707	0.2%	354,941	0.2%	69,234	24.2%
Public ways and facilities	8,833,249	6.0%	7,844,639	5.3%	(988,610)	-11.2%
Debt Service: Principal	789,407	0.5%	818,598	0.6%	29,191	3.7%
Debt Service: Interest & other	512,955	0.3%	503,989	0.3%	(8,966)	-1.7%
Capital outlay	3,226,387	2.2%	6,640,631	4.5%	3,414,244	105.8%
Total Expenditures	\$ 137,891,260	93.7%	\$ 147,162,007	100.0%	\$ 9,270,747	

COUNTY OF TEHAMA
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

Significant changes for major functions are explained below:

- HEALTH & WELFARE – Health Service fund expenditures increased \$3,070,607.
- EDUCATION – With the completion of the new library, General fund library expenditures decreased by \$268,690.
- RECREATION & CULTURAL SERVICES – Spending at one of the three Veteran's Halls was up by \$14,000 and park and recreation expenditures increased by \$55,000.
- PUBLIC WAYS & FACILITIES – The bulk of the decrease was due to a reduction of \$2,626,098 in expenditures for public works road and bridge improvement projects.
- CAPITAL OUTLAY – Capital Outlay fund expenditures included a land (right of way) purchase in anticipation of jail expansion along with other building and security upgrades with a net increase of \$1,167,809. The bulk of the change is due to a \$2,736,709 prior year adjustment to capitalize various road & bridge project construction in progress costs.

V. GENERAL FUND BUDGETARY HIGHLIGHTS

The difference between the original 2018/19 revenue budget and the final budget was \$342,954. The increase to the final revenue budget is net of a \$167,867 increase in anticipated aid from other government agencies, \$117,551 increase in budgeted charges for current services and other minor adjustments to license & permits, fines & forfeitures, and other revenue.

The \$372,104 increase in the expenditure budget was net of an increase in every category except transfers & reimbursements which decreased by \$213,459. The largest increase was seen in service & supplies with a total increase of \$454,926. Professional services within that category increased by \$177,040.

At year end, in the General Operating fund (101 only), actual revenues were less than budgetary estimates by \$76,578. Actual expenditures were less than budgetary estimates by \$2,038,560 and transfers were less than budgeted by \$594,178. The net of revenue and expense, combined with fund balance available, provided carry over funds of \$2,000,708 which partially funded the 2019/20 General fund budget gap of \$3,303,756. \$1,303,048 of obligated fund balances made up the difference.

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, 2019 amounts to \$258,043,380 (net of accumulated depreciation). This investment in capital assets includes land, structures and improvements, equipment, construction-in-progress, and some infrastructure. This was an increase of \$39,205,058 from prior year, largely due to infrastructure and construction in progress adjustments made in the Road Department.

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 \$194,380,719. The infrastructure assets reported under the modified approach are not subject to depreciation per GASB Statement No. 34.

COUNTY OF TEHAMA
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

There was a significant change in the scale for rating the assessed condition of the County's maintained road subsystem last year. In previous years, 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, 2019 gives a weighted average of 42.9 percent of fair or better for all paved roads, 91 percent of bridges are listed as fair or better, and 95 percent of signs pass the sign reflectivity requirements.

More detailed information about the County's road infrastructure assets is presented in Note 5 of the basic financial statements and the Required Supplementary Information on pages 71-73 of this report.

B. Long-Term Debt

At June 30, 2019, the County had a total long-term debt outstanding of \$15,443,261. The debt consists of \$11,496,417 in Certificates of Participation (COP), capital lease obligations of \$38,474 and bonds payable of \$314,700.

Additional long-term liabilities include:

- Compensated Absences of \$3,593,670
- Other Postemployment Employee Benefits of \$1,504,289
- Pension Liability of \$91,271,187 (Net of Safety \$30,194,118 and Miscellaneous \$61,077,069)

More detailed information about the County's long-term liabilities and pension liabilities are presented in Notes 8 and 9, pages 48-50 and Notes 12 and 13, pages 53-62 of the basic financial statements respectively.

VII. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The County adopted its fiscal year 2019-20 final appropriation budget in the total amount of \$195,812,683 (net of operating transfers totaling \$18,114,786). The General fund contingency was \$389,659.

Administration made the following assumptions in their Recommended Budget Overview (edited):

The FY 2019-20 Recommended Budget includes a funding gap in the General fund of \$8.23 million, with over \$818,363 General fund and \$3.6 million non-General fund additional requests county-wide held for the adopted budget. Staff will work with the Budget Ad Hoc to prepare a balanced proposed adopted budget for consideration by the full Board on August 27, 2019. At this time, it is anticipated that even with some unanticipated revenues received in FY 2018-19, a drawdown from reserves will be necessary to balance the budget. Therefore, the adopted budget narrative will include a plan to reduce costs and increase General fund revenues in the long term.

Assuming there will not be significant global economic changes, the FY 2019-20 Secured Property Tax Roll is estimated to increase by 2 percent, an increase of approximately \$190,000 in additional revenue to the County. The Auditor anticipates increases in Operating Unitary Tax of \$20,000 and \$153,000 in Property Tax In Lieu of Vehicle License Fees, bringing the total new tax revenue for FY 2019-20 to \$363,000. These increases are completely offset by anticipated reductions to Federal Payment in Lieu of

COUNTY OF TEHAMA
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

Taxes (\$492,823) and charges for current services (\$96,237) for a net reduction to anticipated revenue of (\$228,060) over FY 2019-20.

Recommended expenditure appropriations total \$40,962,608, and recommended revenue appropriations total \$32,726,017 which results in a funding gap of \$8,251,591 in the General fund, not including requests that are being held to the adopted budget. Fund balance carryover will not be known until sometime after the close of the current fiscal year and will be comprised of revenue receipts in excess of projections and actual expenditures lower than budgeted. It is anticipated fund balance carryover will not equal or exceed the amount of the funding gap, therefore programmatic reductions and/or a drawdown of reserves will be required to balance the General fund budget when the adopted budget is presented to the Board in August.

BUDGET EXERCISE

The County of Tehama has experienced a revenue/expenditure imbalance in excess of fund balance carryover in each of the last three fiscal years. This gap has been filled by reducing budgeted contingencies, leaving positions vacant, and increasing revenues from other agencies and fees for service (user fees). In preparation of the FY 2019-20 budget, departments were asked to prepare proposals to reduce General fund contributions by 5 percent and 10 percent. These proposals and other local fiscal issues were presented to the Board during a study session conducted on April 16, 2019.

The Board determined at that time that the 10 percent proposed reductions would be overly disruptive to public safety and the provision of services to the public, and directed staff to seek alternatives. Even the proposed 5 percent reductions were seen as unsustainable in the long term. Negotiated employee concessions and a ballot measure for an increase in sales tax were recognized as necessary components to bring longer term fiscal stability to the County budget. In order to compare these reductions to a historical baseline, this recommended budget does include funding for currently vacant General fund and Public Safety positions that are included in the departmental 5 percent reduction proposals.

Department heads have agreed to keep these positions vacant until the Board has given them full consideration in the adopted budget. It is anticipated that any use of reserves for ongoing expenses in the adopted budget will be offset with a plan to eliminate future reliance on reserves and a long-term plan to replenish these drawdowns.

And, with the Adopted Budget, Administration stated the following (edited):

The fund balance carryover and projected revenues are not sufficient without utilizing funds currently in an obligated fund (generally referred to as reserves) in order to meet expenditure appropriations in the General fund.

Similar to last year, the recommended budget included a notification to the Board that the projected fund balance carryover would not be sufficient to balance the budget without reductions to reserves. Recognizing that revisions were required to close the budget gap, two Supervisors, Administration and the Auditor continued their service on the Budget Ad Hoc Board committee. The Ad Hoc committee met multiple times with department heads and the fiscal team to discuss short term and long-term opportunities for reducing expenses and increasing revenues.

As a result of the committee's efforts, revenue projections were judiciously increased and expenses decreased, and with the use of reserves the proposed budget will be balanced. It is important to recognize the extraordinary efforts of the Auditor and his staff, and the cooperative spirit demonstrated by department heads in this effort. These efforts reduced the funding gap from over \$8 million at recommended to approximately \$3.33 million prior to applying the fund balance carryover.

COUNTY OF TEHAMA
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

The budget proposal presented today is a continuation of steps taken over the last three years to reduce the ongoing reliance on fund balance carryover. For the third year, with the concurrence of the affected department heads, budgeted revenues and expenses have been adjusted to more closely match actuals over the past three years. This change results in a leaner budget with less flexibility for departments to absorb minor anomalies which may occur in any given year. These changes have reduced fund balance carryover from a past range of \$7 - \$9 million to the less than \$2 million available for FY 2019-20. For the first time, the adopted budget will utilize reserves to fund recurring expenses.

The 2019-20 General fund budget requirements were \$1,733,342 more than the prior year in large part due to a \$394,222 increase in contribution to the Public Safety fund and rising costs for employee benefits. Fund balance carry over from the prior year of \$2,000,708 was not sufficient to fill the budget gap. Therefore, a draw on obligated fund balance of \$1,303,048 was used for general purposes.

The Road fund appropriations budget increased by \$41.5 million due to a fully budgeted outlay for the major \$36 million plus bridge project that was contracted in the current year.

The Public Safety fund appropriations budget grew by \$1,525,319 with increased allocations in nearly every department most notably for Sheriff (Employee Benefits), Jail (Employee Benefits), District Attorney (Salaries & Benefits and new computer software) and Juvenile Hall (impacts of additional residents and Senior Nutrition meal prep services).

The Social Service Administration budget increased by \$1,091,946 and Public Assistance budgets increased \$1,193,834 for a net increase of \$2,228,780.

The Health Service budget has also increased by \$1,718,922 overall, with the biggest increase again this year in Mental Health programs.

The Capital Outlay budget decreased by \$486,426. Projects budgeted this year included Courthouse Annex Bathroom ADA and Elevator improvements, Navigation Center for homeless, Re-Entry/Jail Expansion and Walnut Street parking improvements.

Basic Financial Statements

- **Government-Wide Financial Statements**

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COUNTY OF TEHAMA
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and investments	\$ 41,301,063	\$ 330,922	\$ 41,631,985
Cash with fiscal agent	2,497,885	-	2,497,885
Receivables:			
Accounts	4,894,852	-	4,894,852
Intergovernmental	12,959,348	-	12,959,348
Due from agency funds	2,612,653	-	2,612,653
Deposits with others	256,198	-	256,198
Prepaid costs	1,421,811	-	1,421,811
Inventory	456,952	-	456,952
Loans receivable	101,681	-	101,681
Capital assets:			
Non-depreciable	208,153,575	38,047	208,191,622
Depreciable, net	49,149,060	702,698	49,851,758
Total capital assets	<u>257,302,635</u>	<u>740,745</u>	<u>258,043,380</u>
Total Assets	<u>323,805,078</u>	<u>1,071,667</u>	<u>324,876,745</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension adjustments	17,117,337	-	17,117,337
Deferred OPEB adjustments	47,359	-	47,359
Total Deferred Outflows of Resources	<u>17,164,696</u>	<u>-</u>	<u>17,164,696</u>
LIABILITIES			
Accounts payable	1,938,153	6,684	1,944,837
Salaries and benefits payable	2,088,618	804	2,089,422
Due to other governments	200,694	-	200,694
Accrued interest payable	104,810	4,473	109,283
Deposits payable	187,413	-	187,413
Other liabilities	43,878	-	43,878
Unearned revenues	1,490,656	-	1,490,656
Accrued claims liability	1,465,268	-	1,465,268
Long-term liabilities:			
Due within one year	4,095,733	19,500	4,115,233
Due in more than one year	11,032,828	295,200	11,328,028
Net pension liability	91,271,187	-	91,271,187
Net OPEB liability	1,504,289	-	1,504,289
Total Liabilities	<u>115,423,527</u>	<u>326,661</u>	<u>115,750,188</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension adjustments	2,666,124	-	2,666,124
Total Deferred Inflows of Resources	<u>2,666,124</u>	<u>-</u>	<u>2,666,124</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, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
NET POSITION			
Net investment in capital assets	245,767,744	426,045	246,193,789
Restricted for:			
General government	3,659,040	-	3,659,040
Public protection	18,585,551	-	18,585,551
Health and welfare	9,865,667	-	9,865,667
Public assistance	3,274,551	-	3,274,551
Education	28,832	-	28,832
Culture and recreation	13,234	-	13,234
Public ways and facilities	8,095,316	-	8,095,316
Unrestricted	<u>(66,409,812)</u>	<u>318,961</u>	<u>(66,090,851)</u>
Total Net Position	<u>\$ 222,880,123</u>	<u>\$ 745,006</u>	<u>\$ 223,625,129</u>

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

Continued (Page 2 of 2)

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COUNTY OF TEHAMA
Statement of Activities
For the Year Ended June 30, 2019

<u>Functions/Programs:</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 23,601,657	\$ 16,894,764	\$ 1,497,953	\$ -
Public protection	41,334,209	4,691,320	13,938,959	61,967
Health and welfare	27,780,805	9,141,076	16,876,891	-
Public assistance	44,525,821	665,216	41,089,270	-
Education	1,040,109	21,757	27,372	-
Culture and recreation	422,414	26,136	13,101	-
Public ways and facilities	8,801,733	1,440,311	9,686,049	2,515,471
Interest on long-term debt	490,976	-	-	-
Total Governmental Activities	147,997,724	32,880,580	83,129,595	2,577,438
Business-type activities:				
Tehama County Sanitation District #1	196,731	170,771	95,922	-
Total Business-Type Activities	196,731	170,771	95,922	-
Total	\$ 148,194,455	\$ 33,051,351	\$ 83,225,517	\$ 2,577,438

General revenues:

Taxes:

- Property taxes
- Sales and use taxes
- Franchise taxes
- Other taxes

Interest and investment earnings

Miscellaneous

Gain/(loss) on disposal of capital assets

Total General Revenues

Change in Net Position

Net Position - Beginning

Prior period adjustment

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
\$ (5,208,940)	\$ -	\$ (5,208,940)
(22,641,963)	-	(22,641,963)
(1,762,838)	-	(1,762,838)
(2,771,335)	-	(2,771,335)
(990,980)	-	(990,980)
(383,177)	-	(383,177)
4,840,098	-	4,840,098
(490,976)	-	(490,976)
(29,410,111)	-	(29,410,111)
-	69,962	69,962
-	69,962	69,962
(29,410,111)	69,962	(29,340,149)
22,483,495	-	22,483,495
5,423,962	-	5,423,962
1,098,660	-	1,098,660
702,410	-	702,410
1,433,571	5,465	1,439,036
2,078,016	25	2,078,041
(2,348,873)	-	(2,348,873)
30,871,241	5,490	30,876,731
1,461,130	75,452	1,536,582
183,541,395	669,554	184,210,949
37,877,598	-	37,877,598
221,418,993	669,554	222,088,547
\$ 222,880,123	\$ 745,006	\$ 223,625,129

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Basic Financial Statements

- **Fund Financial Statements**

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COUNTY OF TEHAMA
Balance Sheet
Governmental Funds
June 30, 2019

	General Fund	Road	Public Safety	Public Assistance
ASSETS				
Cash and investments	\$ 1,850,744	\$ 3,532,428	\$ 8,094,644	\$ 2,397,916
Cash with fiscal agent	-	-	-	-
Receivables:				
Accounts	700,365	590,601	1,089,677	1,575,327
Intergovernmental	987,344	1,030,238	609,353	388,149
Due from other funds	8,689,184	-	-	-
Deposits with others	2,498	192,800	-	-
Advances to other funds	1,272,650	-	-	222,234
Prepaid costs	1,186,715	-	129,560	65,268
Inventory	-	456,952	-	-
Loans receivable	101,681	-	-	-
	Total Assets	\$ 5,803,019	\$ 9,923,234	\$ 4,648,894
LIABILITIES				
Accounts payable	\$ 251,727	\$ 152,709	\$ 131,555	\$ 56,495
Salaries and benefits payable	382,982	180,045	614,246	413,670
Due to other governments	189,164	-	4,402	-
Deposits payable	63,766	74,791	48,856	-
Other liabilities	43,878	-	-	-
Unearned revenues	898,674	-	202	556,756
Due to other funds	37,249	-	-	-
Advances from other funds	1,180,000	-	-	-
	Total Liabilities	407,545	799,261	1,026,921
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	987,344	1,030,238	609,353	387,749
	Total Deferred Inflows of Resources	1,030,238	609,353	387,749
FUND BALANCES				
Nonspendable	2,561,046	456,952	129,560	287,502
Restricted	1,165,918	3,908,284	8,385,060	2,798,322
Committed	4,953,660	-	-	-
Assigned	2,277,621	-	-	148,400
Unassigned	(201,848)	-	-	-
	Total Fund Balances	4,365,236	8,514,620	3,234,224
	Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,803,019	\$ 9,923,234	\$ 4,648,894

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

Health Services	Other Governmental Funds	Totals
\$ 2,331,919	\$20,363,951	\$38,571,602
-	2,497,885	2,497,885
768,147	170,735	4,894,852
9,034,877	909,387	12,959,348
-	-	8,689,184
-	-	195,298
2,251,113	10,000	3,755,997
37,310	1,028	1,419,881
-	-	456,952
-	-	101,681
<u>\$14,423,366</u>	<u>\$23,952,986</u>	<u>\$73,542,680</u>
\$ 667,742	\$ 611,820	\$ 1,872,048
378,197	102,284	2,071,424
-	7,128	200,694
-	-	187,413
-	-	43,878
25,000	10,024	1,490,656
8,615,276	-	8,652,525
3	-	1,180,003
<u>9,686,218</u>	<u>731,256</u>	<u>15,698,641</u>
<u>9,034,877</u>	<u>887,852</u>	<u>12,937,413</u>
<u>9,034,877</u>	<u>887,852</u>	<u>12,937,413</u>
2,288,423	11,028	5,734,511
2,979,870	14,489,262	33,726,716
-	7,833,588	12,787,248
-	-	2,426,021
<u>(9,566,022)</u>	<u>-</u>	<u>(9,767,870)</u>
<u>(4,297,729)</u>	<u>22,333,878</u>	<u>44,906,626</u>
<u>\$14,423,366</u>	<u>\$23,952,986</u>	<u>\$73,542,680</u>

COUNTY OF TEHAMA
Reconciliation of the Governmental Funds Balance
Sheet to the Government-Wide Statement of
Net Position - Governmental Activities
June 30, 2019

Total Fund Balance - Total Governmental Funds	\$ 44,906,626
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.	257,299,460
Other long-term assets are not available to pay for current period expenditures and therefore, are reported as unavailable revenues in the governmental funds.	12,937,413
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.	(104,810)
Deferred outflows of resources related to pension and OPEB are not reported in the governmental funds.	17,041,143
Deferred inflows of resources related to pension are not reported in the governmental funds.	(2,647,419)
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 \$586,417	(11,496,417)
Capital leases payable	(38,474)
Compensated absences	(3,581,620)
Net pension liability	(90,587,012)
Net OPEB liability	(1,495,520)
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.	646,753
Net Position of Governmental Activities	\$ 222,880,123

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, 2019

	<u>General Fund</u>	<u>Road</u>	<u>Public Safety</u>	<u>Public Assistance</u>
REVENUES				
Taxes and assessments	\$21,382,730	\$ 376,689	\$ -	\$ -
Licenses and permits	1,644,935	9,904	4,401	-
Fines and forfeitures	1,779,763	-	104,846	19,922
Use of money and property	542,060	61,399	272,371	10,597
Intergovernmental	3,457,070	9,871,505	11,795,775	38,945,706
Charges for services	16,736,028	484,586	1,463,990	91,396
Other revenues	1,090,210	41,353	255,244	268,885
Total Revenues	<u>46,632,796</u>	<u>10,845,436</u>	<u>13,896,627</u>	<u>39,336,506</u>
EXPENDITURES				
Current:				
General government	21,754,808	-	-	-
Public protection	5,728,307	-	28,139,141	-
Health and welfare	1,052,267	-	-	-
Public assistance	1,272,582	-	-	38,839,955
Education	824,591	-	-	-
Culture and recreation	354,941	-	-	-
Public ways and facilities	-	6,065,498	-	-
Debt service:				
Principal	-	-	-	-
Interest and other charges	49,694	-	-	-
Capital outlay	157,370	3,929,431	291,075	153,406
Total Expenditures	<u>31,194,560</u>	<u>9,994,929</u>	<u>28,430,216</u>	<u>38,993,361</u>
Excess of Revenues Over (Under) Expenditures	<u>15,438,236</u>	<u>850,507</u>	<u>(14,533,589)</u>	<u>343,145</u>
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	-	-	-
Transfers in	-	3,580	15,194,588	1,073,431
Transfers out	(17,012,650)	(226,917)	-	(20,000)
Total Other Financing Sources (Uses)	<u>(17,012,650)</u>	<u>(223,337)</u>	<u>15,194,588</u>	<u>1,053,431</u>
Net Change in Fund Balances	(1,574,414)	627,170	660,999	1,396,576
Fund Balances (Deficits) - Beginning	12,330,811	3,685,386	7,853,621	1,837,648
Change in inventory on purchases method	-	52,680	-	-
Fund Balances (Deficits) - Ending	<u>\$10,756,397</u>	<u>\$ 4,365,236</u>	<u>\$ 8,514,620</u>	<u>\$ 3,234,224</u>

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

Health Services	Other Governmental Funds	Totals
\$ 2,368,600	\$ 4,481,848	\$28,609,867
-	1,625,224	3,284,464
27,533	292,958	2,225,022
9,968	503,132	1,399,527
13,716,142	3,726,344	81,512,542
7,743,230	1,950,524	28,469,754
101,663	320,661	2,078,016
<u>23,967,136</u>	<u>12,900,691</u>	<u>147,579,192</u>
-	685,901	22,440,709
-	5,864,511	39,731,959
23,744,672	969,769	25,766,708
-	2,122,705	42,235,242
-	-	824,591
-	-	354,941
-	1,779,141	7,844,639
38,598	780,000	818,598
3,057	451,238	503,989
91,729	2,017,620	6,640,631
<u>23,878,056</u>	<u>14,670,885</u>	<u>147,162,007</u>
<u>89,080</u>	<u>(1,770,194)</u>	<u>417,185</u>
39,558	-	39,558
106,739	1,391,082	17,769,420
(363,050)	(146,803)	(17,769,420)
<u>(216,753)</u>	<u>1,244,279</u>	<u>39,558</u>
(127,673)	(525,915)	456,743
(4,170,056)	22,859,793	44,397,203
-	-	52,680
<u>\$ (4,297,729)</u>	<u>\$22,333,878</u>	<u>\$44,906,626</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, 2019

Net Change in Fund Balances - Total Governmental Funds \$ 456,743

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	6,640,631
Less current year depreciation	(3,014,010)
Various adjustments affecting capital assets	23,932
Capital asset contributions	61,967

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. (2,348,873)

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.

Proceeds of debt	(39,558)
Principal retirements	818,598

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	4,132,524
--------------------------------	-----------

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. 52,680

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	(5,712,454)
Change in deferred inflows of resources related to pension	3,598
Change in deferred outflows of resources related to OPEB	47,083

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	13,013
Change in compensated absences payable	133,486
Amortization of premium	29,321
Change in net pension liability	941,066
Change in net OPEB liability	(251,070)

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. (527,547)

Change in Net Position of Governmental Activities \$ 1,461,130

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, 2019

	<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	\$ 330,922	\$ 330,922	\$ 2,729,461
Deposits with others	-	-	60,900
Prepaid costs	-	-	1,930
Total Current Assets	<u>330,922</u>	<u>330,922</u>	<u>2,792,291</u>
Noncurrent Assets:			
Capital assets:			
Non-depreciable	38,047	38,047	-
Depreciable, net	702,698	702,698	3,175
Total capital assets	<u>740,745</u>	<u>740,745</u>	<u>3,175</u>
Total Noncurrent Assets	<u>740,745</u>	<u>740,745</u>	<u>3,175</u>
Total Assets	<u>1,071,667</u>	<u>1,071,667</u>	<u>2,795,466</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension adjustments	-	-	123,277
Deferred OPEB adjustments	-	-	276
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>123,553</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	6,684	6,684	66,105
Salaries and benefits payable	804	804	17,194
Accrued interest payable	4,473	4,473	-
Compensated absences payable	-	-	10,845
Bonds payable	19,500	19,500	-
Estimated claims liability	-	-	1,465,268
Total Current Liabilities	<u>31,461</u>	<u>31,461</u>	<u>1,559,412</u>
Noncurrent Liabilities:			
Compensated absences payable	-	-	1,205
Bonds payable	295,200	295,200	-
Net pension liability	-	-	684,175
Net OPEB liability	-	-	8,769
Total Noncurrent Liabilities	<u>295,200</u>	<u>295,200</u>	<u>694,149</u>
Total Liabilities	<u>326,661</u>	<u>326,661</u>	<u>2,253,561</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, 2019

	<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>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension adjustments	-	-	18,705
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>18,705</u>
NET POSITION			
Net investment in capital assets	426,045	426,045	3,175
Unrestricted	<u>318,961</u>	<u>318,961</u>	<u>643,578</u>
Total Net Position	<u>\$ 745,006</u>	<u>\$ 745,006</u>	<u>\$ 646,753</u>

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, 2019

	Business-Type Activities		Governmental
	Enterprise Funds		Activities
	Other		Internal
	Enterprise		Service
	Funds	Totals	Funds
OPERATING REVENUES			
Charges for services	\$ 170,771	\$ 170,771	\$ 4,936,386
Other revenues	25	25	163,500
Total Operating Revenues	<u>170,796</u>	<u>170,796</u>	<u>5,099,886</u>
OPERATING EXPENSES			
Salaries and benefits	22,128	22,128	539,818
Services and supplies	116,581	116,581	-
Administration	-	-	618,302
Insurance	-	-	724,755
Professional services	4,205	4,205	412,831
Claims and judgments	-	-	3,365,281
Depreciation	39,362	39,362	489
Total Operating Expenses	<u>182,276</u>	<u>182,276</u>	<u>5,661,476</u>
Operating Income (Loss)	<u>(11,480)</u>	<u>(11,480)</u>	<u>(561,590)</u>
NON-OPERATING REVENUES (EXPENSES)			
Intergovernmental revenue	95,922	95,922	-
Interest income	5,465	5,465	34,043
Interest expense	(14,455)	(14,455)	-
Total Non-Operating Revenues (Expenses)	<u>86,932</u>	<u>86,932</u>	<u>34,043</u>
Income (Loss) Before Transfers	75,452	75,452	(527,547)
Transfers in	18,500	18,500	-
Transfers out	(18,500)	(18,500)	-
Change in Net Position	75,452	75,452	(527,547)
Total Net Position - Beginning	<u>669,554</u>	<u>669,554</u>	<u>1,174,300</u>
Total Net Position - Ending	<u>\$ 745,006</u>	<u>\$ 745,006</u>	<u>\$ 646,753</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, 2019

	Business-Type Activities		Governmental
	Enterprise Funds		Activities
	Other		Internal
	Enterprise		Service
	Funds	Totals	Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 170,796	\$ 170,796	\$ 5,099,886
Payments to suppliers	(146,086)	(146,086)	(4,617,697)
Payments to employees	(21,984)	(21,984)	(517,988)
Net Cash Provided (Used) by Operating Activities	<u>2,726</u>	<u>2,726</u>	<u>(35,799)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Intergovernmental revenue received	95,922	95,922	-
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>95,922</u>	<u>95,922</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	-	-	(3,664)
Principal paid on capital debt	(18,500)	(18,500)	-
Interest paid on capital debt	(14,578)	(14,578)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(33,078)</u>	<u>(33,078)</u>	<u>(3,664)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	5,465	5,465	34,043
Net Cash Provided (Used) by Investing Activities	<u>5,465</u>	<u>5,465</u>	<u>34,043</u>
Net Increase (Decrease) in Cash and Cash Equivalents	71,035	71,035	(5,420)
Balances - Beginning	<u>259,887</u>	<u>259,887</u>	<u>2,734,881</u>
Balances - Ending	<u>\$ 330,922</u>	<u>\$ 330,922</u>	<u>\$ 2,729,461</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, 2019

	Business-Type Activities Enterprise Funds		Governmental Activities
	Other Enterprise Funds	Totals	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (11,480)	\$ (11,480)	\$ (561,590)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	39,362	39,362	489
Decrease (increase) in:			
Prepaid costs	-	-	28
Pension adjustments - deferred outflows of resources	-	-	59,485
OPEB adjustments - deferred outflows of resources	-	-	(276)
Increase (decrease) in:			
Accounts payable	(25,300)	(25,300)	(18,242)
Salaries and benefits payable	144	144	173
Compensated absences payable	-	-	273
Estimated claims liability	-	-	521,686
Pension adjustments - deferred inflows of resources	-	-	(7,364)
Net pension liability	-	-	(30,835)
Net OPEB liability	-	-	374
Net Cash Provided (Used) by Operating Activities	\$ 2,726	\$ 2,726	\$ (35,799)

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, 2019

	Investment Trust Funds	Agency Funds
ASSETS		
Cash and investments	\$94,600,428	\$32,365,137
Receivables:		
Taxes	-	7,598,488
Due from other funds	-	37,249
Advances to other funds	-	7,187
Total Assets	94,600,428	40,008,061
LIABILITIES		
Due to other funds	-	73,908
Advances from other funds	-	2,583,181
Agency obligations	-	37,350,972
Total Liabilities	-	40,008,061
NET POSITION		
Net position held in trust for investment pool participants	94,600,428	-
Total Net Position	\$94,600,428	\$ -

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, 2019

	<u>Investment Trust Funds</u>
ADDITIONS	
Contributions to investment pool	<u>\$27,714,404</u>
Total Additions	<u>27,714,404</u>
DEDUCTIONS	
Distributions from investment pool	<u>18,432,432</u>
Total Deductions	<u>18,432,432</u>
Change in Net Position	9,281,972
Net Position - Beginning	<u>85,318,456</u>
Net Position - Ending	<u><u>\$94,600,428</u></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, 2019

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, 2019

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 (CSACEIA). CSACEIA is a joint powers authority organized for the purpose of developing and funding excess insurance programs for member counties. CSACEIA operates public entity risk pools for workers' compensation, comprehensive liability, property, and medical malpractice, and the pool purchases excess insurance and services for members. CSACEIA 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 CSACEIA's office at 75 Iron Point Circle, Suite 200, Folsom, CA 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, 2019

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 such activities as public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation services.
- The Road fund is a special revenue fund used to account for revenues and expenditures associated with the public works department. Funding comes primarily from state and federal grant revenues.
- 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, 2019

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 – Account 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 30 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 asset 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, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting and Measurement Focus (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating 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 non-operating 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 (LAIF), 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, 2019, 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, 2019

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 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, 2019 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. Loans 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, 2019 was \$101,681.

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, 2019

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

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, 2019

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 \$902,964 at June 30, 2019. 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 Revenue

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, 2019

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. Pension

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pension, 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.

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

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

P. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows/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, 2019
Measurement Period	July 1, 2018 to June 30, 2019

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 two items that qualify for reporting in this category. These items relate to the outflows from changes in the net pension liability and net OPEB liability and are reportable on the Statement of Net Position.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

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. 83, Certain Asset Retirement Obligations (AROs). This statement enhances the comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain AROs including obligations that may not have been previously reported. This statement also enhances the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs.

Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowing, and Direct Placements. This statement improves financial reporting by providing users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risk associated with changes in terms associated with debt will be disclosed. As a result, users will have better information to understand the effects of debt on a government's future resource flows.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Future Accounting Pronouncements

The following GASB Statements will be implemented in future financial statements:

Statement No. 84 “Fiduciary Activities”	The requirements of this statement are effective for periods beginning after December 15, 2018. (FY 19/20)
Statement No. 87 “Leases”	The requirements of this statement are effective for periods beginning after December 15, 2019. (FY 20/21)
Statement No. 90 “Majority Equity Interests”	The requirements of this statement are effective for periods beginning after December 15, 2018. (FY 19/20)
Statement No. 91 “Conduit Debt Obligations”	The requirements of this statement are effective for periods beginning after December 15, 2020. (FY 21/22)

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Restatement of 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 correct a prior period understatement related to Road construction in progress and infrastructure.

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

	<u>Governmental Activities</u>
Net Position, June 30, 2018, as previously reported	\$ 183,541,395
Adjustment associated with:	
Road construction in progress and infrastructure	<u>37,877,598</u>
Total Adjustments	<u>37,877,598</u>
Net Position, July 1, 2018, as restated	<u>\$ 221,418,993</u>

B. Deficit Fund Balance/Net Position

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

- The Health Services fund had a fund balance deficit of \$4,297,729. The negative fund balance continues to grow and is anticipated to continue to grow due to the delay in State reimbursements and close outs of prior years.

The following internal service funds had deficit net position:

- The Risk Management fund had a deficit net position of \$15,568, which is expected to be eliminated through future user charges.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

B. Deficit Fund Balance/Net Position (Continued)

- The Vision Insurance fund had a deficit net position of \$24,630, which is expected to be eliminated through future user charges.

C. Rebatable 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, 2019, the County does not expect to incur a liability.

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 special 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 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 Board of Supervisors 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 \$94,600,428 at June 30, 2019.

A. Financial Statement Presentation

As of June 30, 2019, the County's cash and investments are reported in the financial statements as follows:

Primary government	\$ 44,129,870
Investment trust funds	94,600,428
Agency funds	<u>32,365,137</u>
Total Cash and Investments	<u>\$ 171,095,435</u>

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

As of June 30, 2019, the County's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 44,135
Deposits (less outstanding checks)	<u>10,892,952</u>
Total Cash in County Pool	10,937,087
Deposits with fiscal agents	<u>2,497,885</u>
Total Cash	<u>13,434,972</u>
Investments:	
In Treasurer's Pool	<u>157,660,463</u>
Total Investments	<u>157,660,463</u>
Total Cash and Investments	<u>\$ 171,095,435</u>

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 \$13,390,837 and the bank balance was \$16,677,544. 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 \$44,135.

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.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

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

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

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

At June 30, 2019, 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	\$ 2,990,976	\$ 2,990,976	\$ -	\$ -
Government Agencies	67,196,620	67,196,620	-	-
Medium Term Notes	29,635,177	29,635,177	-	-
Asset-Backed Securities	3,099,690	3,099,690	-	-
Negotiable CD's	<u>23,738,000</u>	-	-	<u>23,738,000</u>
Total Investments Measured at Fair Value	126,660,463	<u>\$102,922,463</u>	<u>\$ -</u>	<u>\$ 23,738,000</u>
Investments in External Investment Pools				
LAIF	8,000,000			
CAMP	<u>23,000,000</u>			
Total Investments	<u>\$ 157,660,463</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.

As of June 30, 2019, 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%	\$ -	\$ 2,990,976	\$ 2,990,976	0.07
Government Agencies	0.875-3.625%	16,010,881	51,185,739	67,196,620	2.22
Medium Term Notes	5.750%	349,935	29,285,242	29,635,177	2.85
Asset-Backed Securities	2.570-3.360%	-	3,099,690	3,099,690	0.37
Negotiable CD's	1.150-3.150%	3,932,000	19,806,000	23,738,000	2.48
LAIF	Variable	8,000,000		8,000,000	-
CAMP	Variable	<u>23,000,000</u>	-	<u>23,000,000</u>	-
Total Investments		<u>\$ 51,292,816</u>	<u>\$ 106,367,647</u>	<u>\$ 157,660,463</u>	<u>1.94</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 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.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

<u>Investment Type</u>	<u>Minimum Legal Rating</u>	<u>Standard & Poor's Rating</u>	<u>Moody's Rating</u>	<u>% of Portfolio</u>
U.S. Treasury Notes	-	AAA	AA+	1.90%
Federal Farm Credit Bank	-	AAA	AA+	10.79%
Federal Home Loan Mortgage Corporation	-	AAA	AA+	6.35%
Federal Home Loan Bank	-	AAA	AA+	16.64%
Federal National Mortgage Association	-	AAA	AA+	8.85%
Medium Term Notes	A	AA	A1	0.64%
Medium Term Notes	A	AA	AA2	0.31%
Medium Term Notes	A	AA-	A1	0.83%
Medium Term Notes	A	AA-	A3	0.62%
Medium Term Notes	A	AA-	AA3	1.96%
Medium Term Notes	A	A+	A1	2.45%
Medium Term Notes	A	A+	A2	0.24%
Medium Term Notes	A	A+	A3	0.22%
Medium Term Notes	A	A	A1	1.54%
Medium Term Notes	A	A	A2	2.32%
Medium Term Notes	A	A	A3	0.64%
Medium Term Notes	A	A-	A2	3.62%
Medium Term Notes	A	BBB+	A3	2.64%
Medium Term Notes	A	BBB+	BAA1	0.44%
Medium Term Notes	A	BBB	BAA2	0.31%
Asset-Backed Securities	A	AAAA	AAA	1.97%
Negotiable CD's	N/A	Unrated	Unrated	15.06%
LAIF	N/A	Unrated	Unrated	5.07%
CAMP	N/A	Unrated	Unrated	<u>14.59%</u>
Total				<u>100.00%</u>

Custodial Credit Risk - 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, 2019, that represent 5 percent or more of total County investments are as follows:

<u>Investment Type</u>	<u>Amount Invested</u>	<u>Percentage of Investments</u>
Federal Farm Credit Bank	\$ 17,016,745	10.79%
Federal Home Loan Mortgage Corporation	10,004,020	6.35%
Federal Home Loan Bank	26,227,621	16.64%
Federal Home Loan Mortgage Association	13,948,234	8.85%

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

D. Investment in External Investment Pool

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, 2019, the County’s investment in LAIF valued at amortized cost was \$8,000,000 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 \$105.7 billion. Of that amount, 98.51 percent is invested in non-derivative financial products and 1.49 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, 2019:

	<u>Internal Participants</u>	<u>External Participants</u>	<u>Total Pool</u>
Statement of Net Position			
Cash on hand	\$ 44,135	\$ -	\$ 44,135
Deposits (less outstanding checks)	10,892,952	-	10,892,952
Investments	<u>63,060,035</u>	<u>94,600,428</u>	<u>157,660,463</u>
Net Position at June 30, 2019	<u>\$ 73,997,122</u>	<u>\$ 94,600,428</u>	<u>\$ 168,597,550</u>
Statement of Changes in Net Position			
Net position at July 1, 2018	\$ 73,216,677	\$ 85,318,456	\$ 158,535,133
Net changes in investments by pool participants	<u>780,445</u>	<u>9,281,972</u>	<u>10,062,417</u>
Net Position at June 30, 2019	<u>\$ 73,997,122</u>	<u>\$ 94,600,428</u>	<u>\$ 168,597,550</u>

NOTE 4: ROAD RECEIVABLES

Receivables in the Road fund are 64 percent due from the State of California Department of Transportation (CalDOT). Following an audit by the CalDOT, the County was issued a Corrective Action Plan (CAP) in August of 2017. As a result of the CAP, multiple projects had the federal funding reimbursement suspended until certain tasks were completed. These projects were labeled “Advance Construction” (AC). Any work done on these projects had to be funded out of the County’s very limited budget, and was not billable to Caltrans during that time. The County has since complied with the CAP, and Jelly’s Ferry was recently (partially) converted out of AC and can now be billed and reimbursed for the last three years of work completed.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 5: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2019, was as follows:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers/ Adjustments</u>	<u>Balance</u> <u>June 30, 2019</u>
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,622,386	\$ -	\$ -	\$ 392,540	\$ 2,014,926
Infrastructure	166,360,917	123,574	(2,335,257)	30,231,485	194,380,719
Construction in progress	<u>700,948</u>	<u>5,071,966</u>	<u>-</u>	<u>5,985,016</u>	<u>11,757,930</u>
Total Capital Assets, Not Being Depreciated	<u>168,684,251</u>	<u>5,195,540</u>	<u>(2,335,257)</u>	<u>36,609,041</u>	<u>208,153,575</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	66,364,360	182,288	-	1,268,557	67,815,205
Equipment	30,164,461	1,346,802	(1,873,431)	-	29,637,832
Software	<u>1,561,638</u>	<u>5,564</u>	<u>(33,011)</u>	<u>-</u>	<u>1,534,191</u>
Total Capital Assets, Being Depreciated	<u>98,090,459</u>	<u>1,534,654</u>	<u>(1,906,442)</u>	<u>1,268,557</u>	<u>98,987,228</u>
Less Accumulated Depreciation For:					
Buildings and improvements	(21,198,793)	(1,265,571)	-	-	(22,464,364)
Equipment	(26,355,466)	(1,554,847)	1,859,815	-	(26,050,498)
Software	<u>(1,162,236)</u>	<u>(194,081)</u>	<u>33,011</u>	<u>-</u>	<u>(1,323,306)</u>
Total Accumulated Depreciation	<u>(48,716,495)</u>	<u>(3,014,499)</u>	<u>1,892,826</u>	<u>-</u>	<u>(49,838,168)</u>
Total Capital Assets, Being Depreciated, Net	<u>49,373,964</u>	<u>(1,479,845)</u>	<u>(13,616)</u>	<u>1,268,557</u>	<u>49,149,060</u>
Governmental Activities Capital Assets, Net	<u>\$ 218,058,215</u>	<u>\$ 3,715,695</u>	<u>(\$2,348,873)</u>	<u>\$ 37,877,598</u>	<u>\$257,302,635</u>
	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2019</u>	
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	1,688,486	-	-	1,688,486	
Equipment	<u>1,696</u>	<u>-</u>	<u>-</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	(946,567)	(39,221)	-	(985,788)	
Equipment	<u>(1,555)</u>	<u>(141)</u>	<u>-</u>	<u>(1,696)</u>	
Total Accumulated Depreciation	<u>(948,122)</u>	<u>(39,362)</u>	<u>-</u>	<u>(987,484)</u>	
Total Capital Assets, Being Depreciated, Net	<u>742,060</u>	<u>(39,362)</u>	<u>-</u>	<u>702,698</u>	
Business-Type Activities Capital Assets, Net	<u>\$ 780,107</u>	<u>(\$ 39,362)</u>	<u>\$ -</u>	<u>\$ 740,745</u>	

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 5: CAPITAL ASSETS (CONTINUED)

Depreciation

Depreciation expense was charged to governmental activities as follows:

General government	\$ 411,378
Public protection	1,362,976
Health and welfare	355,142
Public assistance	326,286
Education	147,892
Culture and recreation	63,700
Public ways and facilities	<u>346,636</u>
Subtotal Governmental Funds	3,014,010

Depreciation on capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	<u>489</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 3,014,499</u>

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

Tehama County Sanitation District #1	<u>\$ 39,362</u>
Total Depreciation Expense – Business-Type Activities	<u>\$ 39,362</u>

Construction in Progress

Construction in progress for governmental activities at June 30, 2019 relates to work performed on various County projects relating to buildings, bridges, roads and infrastructure.

NOTE 6: 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, 2019:

	Due From Other Funds	Due To Other Funds
General fund	\$ 8,689,184	\$ 37,249
Health Services	-	8,615,276
Agency funds	<u>37,249</u>	<u>73,908</u>
Total	<u>\$ 8,726,433</u>	<u>\$ 8,726,433</u>

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 6: 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 advances to/from other funds as of June 30, 2019:

	<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>
General fund	\$ 1,272,650	\$ 1,180,000
Public Assistance	222,234	-
Health Services	2,251,113	3
Nonmajor Governmental funds	10,000	-
Agency funds	<u>7,187</u>	<u>2,583,181</u>
Total	<u>\$ 3,763,184</u>	<u>\$ 3,763,184</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, 2019:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ -	\$ 17,012,650
Road	3,580	226,917
Public Safety	15,194,588	-
Public Assistance	1,073,431	20,000
Health Services	106,739	363,050
Nonmajor Governmental funds	1,391,082	146,803
Nonmajor Enterprise funds	<u>18,500</u>	<u>18,500</u>
Total	<u>\$ 17,787,920</u>	<u>\$ 17,787,920</u>

NOTE 7: UNEARNED REVENUE

At June 30, 2019, the components of unearned revenue were as follows:

	<u>Unearned</u>
General fund	
2018/2019 payment in lieu of taxes revenue received in advance	\$ 772,581
Other revenues received but not earned	126,093
Public Safety	
Other revenues received but not earned	202
Public Assistance	
Social services revenues received but not earned	556,756
Health Services	
Public health services revenues received but not earned	25,000
Nonmajor Governmental funds	
Building and safety revenues received but not earned	<u>10,024</u>
Total	<u>\$ 1,490,656</u>

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 8: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2019:

<u>Type of Indebtedness</u>	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2019</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Certificates of Participation	\$ 11,690,000	\$ -	(\$ 780,000)	\$ 10,910,000	\$ 820,000
Unamortized Premium	<u>615,738</u>	<u>-</u>	<u>(29,321)</u>	<u>586,417</u>	<u>29,321</u>
Certificates of Participation, Net	12,305,738	-	(809,321)	11,496,417	849,321
Capital Leases	37,514	39,558	(38,598)	38,474	12,109
Compensated Absences	<u>3,726,883</u>	<u>3,809,041</u>	<u>(3,942,254)</u>	<u>3,593,670</u>	<u>3,234,303</u>
Total Governmental Activities	<u>\$ 16,070,135</u>	<u>\$ 3,848,599</u>	<u>(\$ 4,790,173)</u>	<u>\$ 15,128,561</u>	<u>\$ 4,095,733</u>
Business-Type Activities					
Bonds	\$ 333,200	\$ -	(\$ 18,500)	\$ 314,700	\$ 19,500
Total Business-Type Activities	<u>\$ 333,200</u>	<u>\$ -</u>	<u>(\$ 18,500)</u>	<u>\$ 314,700</u>	<u>\$ 19,500</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, 2019, 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 of participation are secured by the County of Tehama Courthouse Annex and the Juvenile Detention Facility. 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	<u>\$ 10,910,000</u>
Total Governmental Activities	<u>10,910,000</u>
	<u>\$ 10,910,000</u>

Business-Type Activities

Bonds:

1997 Sanitation District #1 Bonds, issued November 13, 1996, 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 2, 2031. The bonds are secured by direct charge assessments placed on the secured property tax roll. The bonds were used to finance construction and upgrade of the sanitation system.

Total Bonds	<u>\$ 314,700</u>
Total Business-Type Activities	<u>314,700</u>
	<u>\$ 314,700</u>

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 8: 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
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	965,000	263,163	1,228,163
2025-2029	2,660,000	957,284	3,617,284
2030-2034	1,700,000	609,359	2,309,359
2035-2039	2,080,000	227,213	2,307,213
Total	\$ 10,910,000	\$ 3,496,746	\$ 14,406,746

Business-Type Activities

Year Ended June 30	Bonds		
	Principal	Interest	Total
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	22,500	10,451	32,951
2025-2029	130,000	35,550	165,550
2030-2032	80,700	6,668	87,368
Total	\$ 314,700	\$ 103,980	\$ 418,680

NOTE 9: LEASES

Operation 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, 2019

NOTE 9: 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.

	Stated Interest Rate	Present Value of Remaining Payments at June 30, 2019
Governmental Activities	5.25-5.45%	\$ 38,474
Total		\$ 38,474

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

	Governmental Activities
Equipment	\$ 138,750
Less: accumulated depreciation	(85,344)
Net Value	\$ 53,406

As of June 30, 2019, capital lease annual amortization was as follows:

Year Ended June 30	Governmental Activities
2020	\$ 14,103
2021	9,227
2022	9,227
2023	9,227
2024	1,538
Total Requirements	43,322
Less: interest	(4,848)
Present Value of Remaining Payments	\$ 38,474

NOTE 10: 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.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 10: NET POSITION (CONTINUED)

- **Unrestricted net position** - all other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Net Position Restricted by Enabling Legislation

The government-wide Statement of Net Position reports \$43,522,191 of restricted net position, of which \$1,587,159 is restricted by enabling legislation.

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.

NOTE 11: 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, 2019, fund balance for the 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 Board action, 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 by the Board of Supervisors or official or body to whom the Board has delegated its authority.
- **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, 2019

NOTE 11: FUND BALANCES (CONTINUED)

The fund balances for all major and nonmajor governmental funds as of June 30, 2019, were distributed as follows:

	General Fund	Road	Public Safety	Public Assistance	Health Services	Other Governmental Funds	Total
Nonspendable:							
Advances to other funds	\$ 1,272,650	\$ -	\$ -	\$ 222,234	\$ 2,251,113	\$ 10,000	\$ 3,755,997
Prepaid costs	1,186,715	-	129,560	65,268	37,310	1,028	1,419,881
Inventory	-	456,952	-	-	-	-	456,952
Loans receivable	101,681	-	-	-	-	-	101,681
Subtotal	<u>2,561,046</u>	<u>456,952</u>	<u>129,560</u>	<u>287,502</u>	<u>2,288,423</u>	<u>11,028</u>	<u>5,734,511</u>
Restricted:							
AVA County of Tehama	31,809	-	-	-	-	-	31,809
APSA Act AB 1130 Grant	1,273	-	-	-	-	-	1,273
Vital & Health Stats	102,871	-	-	-	-	-	102,871
Recorder Micrographics	54,430	-	-	-	-	-	54,430
Recorder Truncation	67,877	-	-	-	-	-	67,877
PCI463.9 Litter Control	9,327	-	-	-	-	-	9,327
Fair Booth Trust	979	-	-	-	-	-	979
Recorder Electronic Filing Fee	72,626	-	-	-	-	-	72,626
Recorder Automation	341,756	-	-	-	-	-	341,756
VC27360 Child Restraints	13,993	-	-	-	-	-	13,993
Safe drinking water	276,622	-	-	-	-	-	276,622
Domestic Violence Program	11,760	-	-	-	-	-	11,760
HS 25299 Underground Tank	118,502	-	-	-	-	-	118,502
Local Innovation	39,439	-	-	-	-	-	39,439
Housing Ass't Payment	22,654	-	-	-	-	-	22,654
Road Services	-	3,908,284	-	-	-	-	3,908,284
Public Safety	-	-	8,385,060	-	-	-	8,385,060
Public Assistance	-	-	-	2,798,322	-	-	2,798,322
Health Services	-	-	-	-	2,979,870	-	2,979,870
Underground Storage Tanks	-	-	-	-	-	148	148
Fish and Game	-	-	-	-	-	141,478	141,478
Fire	-	-	-	-	-	7,367,857	7,367,857
Child Support	-	-	-	-	-	140,492	140,492
Building and Safety	-	-	-	-	-	754,197	754,197
Senior Nutrition	-	-	-	-	-	157,125	157,125
Transportation Operations	-	-	-	-	-	1,667,199	1,667,199
Air Pollution Services	-	-	-	-	-	1,757,193	1,757,193
Los Mollinos Lighting	-	-	-	-	-	87,179	87,179
Flood Control and Water Conservation	-	-	-	-	-	1,131,992	1,131,992
Tehama Power Authority	-	-	-	-	-	5,606	5,606
AB 923	-	-	-	-	-	438,618	438,618
Small Claim Fees	-	-	-	-	-	18,181	18,181
Community Block Grant	-	-	-	-	-	20,738	20,738
Impact Fees	-	-	-	-	-	801,259	801,259
Subtotal	<u>1,165,918</u>	<u>3,908,284</u>	<u>8,385,060</u>	<u>2,798,322</u>	<u>2,979,870</u>	<u>14,489,262</u>	<u>33,726,716</u>
Committed:							
Sun City Development	4,583	-	-	-	-	-	4,583
Dept of Health Services	127,500	-	-	-	-	-	127,500
Economic Uncertainty	4,821,577	-	-	-	-	-	4,821,577
Capital Projects	-	-	-	-	-	6,441,921	6,441,921
Debt Service	-	-	-	-	-	1,391,667	1,391,667
Subtotal	<u>4,953,660</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,833,588</u>	<u>12,787,248</u>
Assigned:							
Camp Tehama OPS	28,176	-	-	-	-	-	28,176
Uniform Allowance	72,500	-	-	-	-	-	72,500
Departments	236,641	-	-	-	-	-	236,641
Veterans Halls	158,245	-	-	-	-	-	158,245
Capital Assets	1,263,998	-	-	-	-	-	1,263,998
Nuisance Abatement	165,111	-	-	-	-	-	165,111
Antelope Sewer	23,200	-	-	-	-	-	23,200
Sick leave & vacation buy-out	53,774	-	-	-	-	-	53,774
Parks	54,594	-	-	-	-	-	54,594
Coming Court	109,296	-	-	-	-	-	109,296

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 11: FUND BALANCES (CONTINUED)

The fund balances for all major and nonmajor governmental funds as of June 30, 2019, were distributed as follows: (Continued)

	General Fund	Road	Public Safety	Public Assistance	Health Services	Other Governmental Funds	Total
Assigned: (Continued)							
Animal Donations	21,573	-	-	-	-	-	21,573
Library Donations	1,118	-	-	-	-	-	1,118
Encumbrances	89,395	-	-	-	-	-	89,395
Public Assistance	-	-	-	148,400	-	-	148,400
Subtotal	2,277,621	-	-	148,400	-	-	2,426,021
Unassigned	(201,848)	-	-	-	(9,566,022)	-	(9,767,870)
Total	\$ 10,756,397	\$ 4,365,236	\$ 8,514,620	\$ 3,234,224	\$ (4,297,729)	\$ 22,333,878	\$ 44,906,626

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.

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 12: PENSION PLAN

A. General Information about the Pension Plan

Plan Description

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.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 12: PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

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 of 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

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 (age 52 for Miscellaneous Plan members if membership date is on or after January 1, 2103) 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, 2019, 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	1.426% to 2.418%
Miscellaneous PEPRA	2.0% @ 62	52-62	1.000% to 2.500%
Safety	3.0% @ 55	50	2.400% to 3.000%
Safety PEPRA	2.7% @ 57	50-57	2.000% to 2.700%

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 12: PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

Employees Covered

At June 30, 2019, the following employees were covered by the benefit terms for the Plan including independent entities (Court and First Five):

	Inactive Employees Or Beneficiaries <u>Currently Receiving Benefits</u>	Inactive Employees Entitled to But Not <u>Yet Receiving Benefits</u>	Active <u>Employees</u>
Miscellaneous	800	718	663
Safety	156	86	147

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.

	Employer Contribution <u>Rates</u>	Employee Contribution <u>Rates</u>	Employer Paid Member <u>Contribution Rates</u>
Miscellaneous	8.528%	7.000%	0.000%*
Miscellaneous PEPRAs	8.528%	6.250%	0.000%
Safety	15.959%	9.000%	0.000%*
Safety PEPRAs	15.959%	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, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 12: PENSION PLAN (CONTINUED)

B. Net Pension Liability (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by entry-age and service
Mortality	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

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90 percent of scale MP 2016. For more details on this table, please refer to the December 2017 Experience Study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 12: PENSION PLAN (CONTINUED)

B. Net Pension Liability (Continued)

Discount Rate (Continued)

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<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	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	<u>1.0%</u>	0.00%	-0.92%
Total	<u>100.0%</u>		

(a) An expected inflation of 2.00% used for this period

(b) An expected inflation of 2.92% used for this period

C. Changes in the Net Pension Liability

As of June 30, 2019, the changes in the net pension liability of the agent multiple-employer defined benefit pension plan, including independent entities (Courts), is as follows:

	<u>Increases (Decreases)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability/(Asset)</u>
Miscellaneous:			
Balances at June 30, 2017 (measurement date)	\$ 241,822,522	\$ 174,197,959	\$ 67,624,563
Changes for the year:			
Service cost	5,260,697	-	5,260,697
Interest on total pension liability	16,955,993	-	16,955,993
Change of assumptions	(1,282,339)	-	(1,282,339)
Differences between expected and actual experience	199,923	-	199,923
Net plan to plan resource movement	-	(427)	427
Contributions – employer	-	5,951,937	(5,951,937)
Contributions – employee	-	2,233,073	(2,233,073)
Net investment income	-	14,676,525	(14,676,525)
Benefit payments, including refunds of employee contributions	(12,447,391)	(12,447,391)	-
Administrative expense	-	(271,448)	271,448
Other miscellaneous income/(expense)	-	(515,485)	515,485
Net Changes	<u>8,686,883</u>	<u>9,626,784</u>	<u>(939,901)</u>
Balances at June 30, 2018 (measurement date)	\$ 250,509,405	\$ 183,824,743	66,684,662
Less:			
Amount allocated to independent entities			(5,607,593)
Balance at June 30, 2018 (measurement date)			<u>\$ 61,077,069</u>

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 12: PENSION PLAN (CONTINUED)

C. Changes in the Net Pension Liability (Continued)

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Safety:			
Balances at June 30, 2017 (measurement date)	\$ 86,250,321	\$ 55,962,198	\$ 30,288,123
Changes for the year:			
Service cost	2,391,084	-	2,391,084
Interest on total pension liability	6,077,081	-	6,077,081
Change of assumptions	233,130	-	233,130
Differences between expected and actual experience	(790,006)	-	(790,006)
Net plan to plan resource movement	-	(139)	139
Contributions – employer	-	2,654,860	(2,654,860)
Contributions – employee	-	857,150	(857,150)
Net investment income	-	4,746,231	(4,746,231)
Benefit payments, including refunds of employee contributions	(3,789,702)	(3,789,702)	-
Administrative expense	-	(87,205)	87,205
Other miscellaneous income/(expense)	-	(165,603)	165,603
Net Changes	<u>4,121,587</u>	<u>4,215,592</u>	<u>(94,005)</u>
Balances at June 30, 2018 (measurement date)	<u>\$ 90,371,908</u>	<u>\$ 60,177,790</u>	<u>\$ 30,194,118</u>

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 6.15%	Discount Rate 7.15%	1% Increase 8.15%
Miscellaneous	\$ 97,893,926	\$ 66,684,662	\$ 40,653,973
Safety	42,609,053	30,194,118	19,962,481

Pension Plan Fiduciary Net Position

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

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 12: PENSION PLAN (CONTINUED)

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

For the year ended June 30, 2019, the County recognized pension expense of \$14,796,890. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 9,768,552	\$ -
Changes of assumptions	7,472,884	(988,380)
Difference between expected and actual experience	240,170	(1,831,053)
Difference between projected and actual earnings on plan investments	646,126	-
Total	18,127,732	(2,819,433)
Less: amount allocated to independent entities	(1,010,395)	153,309
Total	\$ 17,117,337	(\$ 2,666,124)

\$9,768,552 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended <u>June 30</u>		
2020		\$ 6,700,345
2021		1,556,774
2022		(2,004,306)
2023		(713,066)
Thereafter		-
Total		\$ 5,539,747

NOTE 13: 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 single-employer defined benefit plan administered by Alliant Insurance Services. 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.

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).

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 13: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

A. General Information about the OPEB Plan (Continued)

Benefits Provided (Continued)

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.

Employees Covered By Benefit Terms

At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	9
Active employees	<u>794</u>
	<u>803</u>

B. Net OPEB Liability

The County's net OPEB liability of \$1,504,289, was measured as of June 30, 2019, 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, 2019 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	July 1, 2018
Funding Method	Entry Age, level of percent of pay
Discount Rate	3.13%
Salary Increase	3.00%
Inflation Rate	3.00%
Healthcare cost trend rate	6.00% for 2018, 5.5 % for 2019, 5.25% for 2020 and 5.0% 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, 2019

NOTE 13: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

B. Net OPEB Liability (Continued)

Discount Rate

GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan’s fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan’s projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the County’s Total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected Return of Plan Investments (if any)	Municipal Bond 20-Year High Grade Rate Index	Discount Rate
June 30, 2018	June 30, 2018	4.00%	3.62%	3.62%
June 30, 2019	June 30, 2019	4.00%	3.13%	3.13%

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	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) – (b)
Balances at Fiscal Year Ending June 30, 2018	\$ 1,252,845	\$ -	\$ 1,252,845
Changes for the year:			
Service cost	174,553	-	174,553
Interest	44,944	-	44,944
Changes in assumptions	54,759	-	54,759
Contributions - employer	-	22,812	(22,812)
Benefit payments	(22,812)	(22,812)	-
Net Changes	251,444	-	251,444
Balances at Fiscal Year Ending June 30, 2019	\$ 1,504,289	\$ -	\$ 1,504,289

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 13: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

C. Changes in the Net OPEB Liability (Continued)

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 2.13%	Current Rate 3.13%	1% Increase 4.13%
Net OPEB liability	\$ 1,622,919	\$ 1,504,289	\$ 1,394,885

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	\$ 1,327,154	\$ 1,504,289	\$ 1,712,653

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

For the year ended June 30, 2019, the County recognized OPEB expense of \$226,897. At June 30, 2019, the County reported deferred outflows of resources related to OPEB from the following source:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 47,359	\$ -
Total	\$ 47,359	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ended June 30</u>	
2020	\$ 7,400
2021	7,400
2022	7,400
2023	7,400
2024	7,400
Thereafter	10,359
Total	\$ 47,359

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 14: RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County 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 (CSACEIA), 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, 2019, including any estimates for incurred but not reported (IBNR) amounts, constitute claims payable. The claims liability at June 30, 2019, was as follows:

General Liability	\$ 1,353,000
Dental Insurance	95,973
Vision Insurance	<u>16,295</u>
Total	<u>\$ 1,465,268</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 \$1,465,268 reported in the funds at June 30, 2019, 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, 2017, 2018 and 2019 were as follows:

	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimated</u>	<u>Claims Payments</u>	<u>Balance at End of Fiscal Year</u>
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
June 30, 2019	943,583	3,886,966	3,365,281	1,465,268

The ultimate settlement of 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.

NOTE 15: OTHER INFORMATION

A. Commitments and Contingencies

The County had active construction projects as of June 30, 2019. The estimated costs to be incurred for these projects is \$1,283,622.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 15: OTHER INFORMATION (CONTINUED)

A. Commitments and Contingencies (Continued)

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, 2019, General fund \$89,395, Road \$330,422, Public Safety \$169,405, Health Services \$14,480, and nonmajor governmental funds \$119,970.

B. Subsequent Events

Management has evaluated events subsequent to June 30, 2019 through March 9, 2020, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

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**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, 2019
Last 10 Years*

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

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

<u>2016/2017</u>	<u>2017/2018</u>
\$ 5,171,753	\$ 5,260,697
16,352,617	16,955,993
12,803,697	(1,282,339)
(2,599,651)	199,923
<u>(11,647,820)</u>	<u>(12,447,391)</u>
20,080,596	8,686,883
<u>221,741,926</u>	<u>241,822,522</u>
<u>\$ 241,822,522</u>	<u>\$ 250,509,405</u>
\$ 5,383,166	\$ 5,951,937
2,181,169	2,233,073
17,797,827	14,676,525
(11,647,820)	(12,447,391)
8,903	(427)
(237,280)	(271,448)
<u>-</u>	<u>(515,485)</u>
13,485,965	9,626,784
<u>160,711,994</u>	<u>174,197,959</u>
<u>\$ 174,197,959</u>	<u>\$ 183,824,743</u>
<u>\$ 67,624,563</u>	<u>\$ 66,684,662</u>
72.04%	73.38%
\$ 32,461,415	\$ 33,123,640
208.32%	201.32%

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, 2019
Last 10 Years*

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

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

<u>2016/2017</u>	<u>2017/2018</u>
\$ 2,150,880	\$ 2,391,084
5,807,772	6,077,081
4,944,935	233,130
(465,016)	(790,006)
<u>(3,720,945)</u>	<u>(3,789,702)</u>
8,717,626	4,121,587
<u>77,532,695</u>	<u>86,250,321</u>
<u>\$ 86,250,321</u>	<u>\$ 90,371,908</u>
\$ 2,542,771	\$ 2,654,860
793,978	857,150
5,644,790	4,746,231
(3,720,945)	(3,789,702)
(8,903)	(139)
(74,981)	(87,205)
-	(165,603)
<u>5,176,710</u>	<u>4,215,592</u>
<u>50,785,488</u>	<u>55,962,198</u>
<u>\$ 55,962,198</u>	<u>\$ 60,177,790</u>
<u>\$ 30,288,123</u>	<u>\$ 30,194,118</u>
64.88%	66.59%
\$ 8,159,327	\$ 8,736,149
371.21%	345.62%

COUNTY OF TEHAMA
Required Supplementary Information
County Pension Plan
Schedule of Contributions
For the Year Ended June 30, 2019
Last 10 Years*

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

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

<u>2017/2018</u>	<u>2018/2019</u>
\$ 5,951,937	\$ 6,794,491
<u>(5,951,937)</u>	<u>(6,794,491)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 33,123,640	\$ 34,069,423
17.97%	19.94%
\$ 2,654,860	\$ 2,939,200
<u>(2,654,860)</u>	<u>(2,939,200)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 8,736,149	\$ 8,543,453
30.39%	34.40%

COUNTY OF TEHAMA
Required Supplementary Information
County Pension Plan
Notes to County Pension Plan
For the Year Ended June 30, 2019

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

Change of assumptions: For the measurement date of June 30, 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the 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, 2016
Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2016 Funding Valuation Report
Asset valuation method	Market value
Inflation	2.75%
Salary increases	Varies by entry age and service
Discount rate	7.375%
Retirement age	The probabilities of retirement are based on the January 2014 CalPERS Experience Study and Review of Actuarial Assumptions

COUNTY OF TEHAMA
Required Supplementary Information
County OPEB Plan
Schedule of Changes in the Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2019
Last 10 Years*

	<u>2017/2018</u>	<u>2018/2019</u>
Net OPEB Liability		
Service cost	\$ 169,470	\$ 174,553
Interest	38,623	44,944
Change in assumptions	-	54,759
Benefit payments	<u>(43,991)</u>	<u>(22,812)</u>
Net Change in Net OPEB Liability	164,102	251,444
Net OPEB Liability - Beginning	<u>1,088,743</u>	<u>1,252,845</u>
Net OPEB Liability - Ending	<u>\$ 1,252,845</u>	<u>\$ 1,504,289</u>
Covered employee payroll	\$ 42,612,781	\$ 43,122,849
Net OPEB liability as a percentage of covered employee payroll	2.94%	3.49%

*The County implemented GASB 75 for the fiscal year June 30, 2018, therefore only two years are shown.

COUNTY OF TEHAMA
Required Supplementary Information
County OPEB Plan
Note to County OPEB Plan
For the Year Ended June 30, 2019

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

Change of Assumptions

The discount rate was changed from 3.62 percent as of the June 30, 2018 measurement date to 3.13 percent as of the June 30, 2019 measurement date.

COUNTY OF TEHAMA
Required Supplementary Information
Infrastructure Assets Reported Using the Modified Approach
For the Year Ended June 30, 2019

INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

The assessed conditions report for the fiscal year ending June 30, 2019 was completed on December 20, 2019.

A. Roads

The County of Tehama manages its maintained road network using the StreetSaver Pavement Management Program and accounts for the road’s condition using ASTM D6433 “Standard Practice for Roads and Parking Lots Pavement Condition Index Surveys.” The program establishes a Pavement Condition Index (PCI) on a scale from zero to one hundred (0-100) for each road segment maintained by the Department of Public Works. ASTM D6433 considers a PCI less than 54 to be in poor quality and meet the requirements for reconstruction. A scale has been established with roads falling in categories from Good to Poor and is rated as follows:

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

A distinction is made between paved roads and unpaved (Gravel/Unsurfaced) roads. Paved roads are inspected for Pavement Condition Index and Unpaved (gravel/unsurfaced) roads are given an Overall Condition Index (OCI) of 69 automatically by the program. By including the 263.005 miles of unpaved road into the calculation with an OCI of 69 the condition of all roadways rate higher.

It is the County’s policy to maintain at least (75) percent of its Arterial and Collector maintained road system at a fair or better rating and (75) percent of the Local maintained road system at a fair or better rating; assessments are made on a three year rotation. These detailed inspections are an ongoing daily program.

As of June 30, 2019, the condition of the County’s paved maintained road system was rated overall at 54.4 percent fair or better for Arterial and Collector roads, and 32.9 percent fair or better for Local roads, and a weighted average of 42.97 percent fair or better for all paved roads. The County’s 263.005 miles of unpaved roads are rated in fair condition. The detail of these conditions are shown in the below tables:

Paved Roads	Arterial & Collectors		Local		Combined Totals	
	Number of Miles	Percent	Number of Miles	Percent	Number of Miles	Percent
Good	77.570	27.1%	99.720	18.5%	177.290	21.5%
Fair	78.363	27.3%	77.402	14.4%	155.765	18.8%
Poor	130.600	45.6%	362.140	67.1%	492.740	59.7%
Total	286.533	100.0%	539.262	100.0%	825.795	100.0%

Unpaved Gravel/Unsurfaced Roads	Arterial & Collectors		Local		Combined Totals	
	Number of Miles	Percent	Number of Miles	Percent	Number of Miles	Percent
Good	0.000	0.0%	0.000	0.0%	0.000	0.0%
Fair	32.735	100.0%	230.270	100.0%	263.005	100.0%
Poor	0.000	0.0%	0.000	0.0%	0.000	0.0%
Total	32.735	100.0%	230.270	100.0%	263.005	100.0%

COUNTY OF TEHAMA
Required Supplementary Information
Infrastructure Assets Reported Using the Modified Approach
For the Year Ended June 30, 2019

**INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH
(CONTINUED)**

A. Roads (Continued)

It is the County's policy to maintain 263.005 miles of unpaved (gravel/unsurfaced) roads at a minimum of fair condition. The County will also maintain records of 0.96 miles of unconstructed right of way. The total recorded number of maintained miles by the department is 1088.8 miles.

The majority of roads within the PCI 0-54 rating are in the Local road category and can be directly related to the fact these roads were acquired by the County with inadequate or no structural section. All of these roads are in rural settings with minimal traffic and would require large expenditures and many years to increase their PCI ratings.

B. Bridges

The County of Tehama manages its maintained bridge system using Microsoft Excel as a Bridge Database and accounts for Bridges using the modified approach. The County has combined several factors to establish a scale from 0 to 100 to give a rating to each structure in our inventory. A scale has been established with bridges falling in categories from poor to excellent and they are rated as follows:

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

It is the County's policy to maintain the majority of its bridge structures at fair or better condition. The County has categorized our bridges into different structure types making it easier to rate structures and maintain the database. The County has 17 categories based on nomenclature, materials, and sub types. The following is a table of our structures and their condition:

	Total	Exc.	%	Good	%	Fair	%	Poor	%
Concrete Bridges	148	33	22.3%	34	23.0%	62	41.9%	19	12.8%
Box Girder	17	10	58.8%	4	23.5%	3	17.6%	0	0.0%
Tee Beam	15	1	6.7%	3	20.0%	7	46.7%	4	26.7%
Pony Truss	18	0	0.0%	0	0.0%	7	38.9%	11	61.1%
Thru Truss	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
Wood	2	0	0.0%	0	0.0%	2	100.0%	0	0.0%
Grid Deck	45	4	8.9%	13	28.9%	27	60.0%	1	2.2%
Steel Deck w/St Girder	47	6	12.8%	7	14.9%	21	44.7%	13	27.7%
Conc Deck w/St Girder	33	0	0.0%	9	27.3%	16	48.5%	8	24.2%
Wood Deck w/ St Girder	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
Concrete Box Culverts	161	31	19.3%	62	39.0%	67	42.0%	1	0.6%
Precast Con Boxes	20	0	0.0%	2	10.0%	18	90.0%	0	0.0%
Pipes (3 Ft & Larger)	132	7	5.3%	24	18.2%	101	76.5%	0	0.0%
Bailey Bridges	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Multiplate	1	1	100.0%	0	0.0%	0	0.0%	0	0.0%
Shipyard Trailers	4	0	0.0%	0	0.0%	0	0.0%	4	100.0%
Concrete Slabs	32	0	0.0%	1	3.1%	31	96.9%	0	0.0%
TOTAL	678	93	13.7%	159	23.5%	362	53.4%	64	9.4%

COUNTY OF TEHAMA
Required Supplementary Information
Infrastructure Assets Reported Using the Modified Approach
For the Year Ended June 30, 2019

**INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH
(CONTINUED)**

C. Signs

The County of Tehama manages its traffic sign database using the StreetSaver Sign Management module. The State and Federal Manual of Uniform Traffic Control Devices, or MUTCD, have established minimum Retroreflectivity levels; the County has standardized the inspection method, using a Retroreflectometer, allowing County personnel to give definitive, non-subjective, pass or fail ratings.

Signs are generally replaced throughout the year as part of the Public Works Department’s routine maintenance, and no mass sign replacement program has occurred this year.

Currently the Public Works staff has a functional geo-referenced database, integrating Google Maps, that allows staff to easily locate and view sign locations, as well as their pass or fail status, from any computer or handheld mobile device.

Additionally, the County maintains a significant number of center line and edge line miles to also include various pavement markings and object markers. They are visually inspected during routine operations and are maintained or replaced as needed to maintain maximum visibility.

	No. St Name Signs	No. Traffic Signs	Total	Percent Pass/Fail
Pass	3457	4279	7736	95.38%
Fail	0	375	375	4.62%
Total	3457	4653	8110	100.00%

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 stands at \$12 million for the 19/20 fiscal year. The average annual expenditures over the last five years was \$8.9 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 2018/2019	\$ 7,983,653
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

COUNTY OF TEHAMA
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and assessments	\$21,426,837	\$21,426,837	\$21,382,730	\$ (44,107)
Licenses and permits	1,540,326	1,550,326	1,644,935	94,609
Fines and forfeitures	1,609,163	1,611,113	1,779,763	168,650
Use of money and property	518,084	518,084	542,060	23,976
Intergovernmental	3,407,999	3,575,866	3,457,070	(118,796)
Charges for services	18,435,116	18,552,667	17,464,328	(1,088,339)
Other revenues	550,194	595,780	1,090,210	494,430
Total Revenues	<u>47,487,719</u>	<u>47,830,673</u>	<u>47,361,096</u>	<u>(469,577)</u>
EXPENDITURES				
Current:				
General government	22,356,428	22,524,721	21,802,534	722,187
Public protection	6,196,801	6,390,825	5,822,825	568,000
Health and welfare	1,058,167	1,074,392	1,455,576	(381,184)
Public assistance	1,341,792	1,356,963	1,335,273	21,690
Education	799,330	843,718	824,591	19,127
Culture and recreation	338,833	372,543	354,941	17,602
Public ways and facilities	-	-	120,056	(120,056)
Debt service				
Interest and other charges	25,000	25,000	49,694	(24,694)
Capital outlay	96,134	209,886	157,370	52,516
Total Expenditures	<u>32,212,485</u>	<u>32,798,048</u>	<u>31,922,860</u>	<u>875,188</u>
Excess of Revenues Over (Under) Expenditures	<u>15,275,234</u>	<u>15,032,625</u>	<u>15,438,236</u>	<u>405,611</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(17,813,823)	(17,600,364)	(17,012,650)	587,714
Total Other Financing Sources (Uses)	<u>(17,813,823)</u>	<u>(17,600,364)</u>	<u>(17,012,650)</u>	<u>587,714</u>
Net Change in Fund Balances	(2,538,589)	(2,567,739)	(1,574,414)	993,325
Fund Balances - Beginning	12,330,811	12,330,811	12,330,811	-
Fund Balances - Ending	<u>\$ 9,792,222</u>	<u>\$ 9,763,072</u>	<u>\$10,756,397</u>	<u>\$ 993,325</u>

Continued (Page 1 of 2)

COUNTY OF TEHAMA
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2019

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

Net Change in Fund Balance - Budgetary Basis \$ (1,574,414)

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	(728,300)
General government expenditures	47,726
Public protection expenditures	94,518
Health and welfare expenditures	403,309
Public assistance expenditures	62,691
Public ways and facilities expenditures	120,056
	120,056

Net Change in Fund Balance - Statement of Revenues, Expenditures and Changes in Fund Balance \$ (1,574,414)

COUNTY OF TEHAMA
Required Supplementary Information
Budgetary Comparison Schedule
Road - Major Special Revenue Fund
For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes and assessments	\$ 847,362	\$ 847,362	\$ 376,689	\$ (470,673)
Licenses and permits	9,976	9,976	9,904	(72)
Use of money and property	26,680	26,680	61,399	34,719
Intergovernmental	9,237,711	9,237,711	9,871,505	633,794
Charges for services	353,949	353,949	484,586	130,637
Other revenues	16,240	16,240	41,353	25,113
Total Revenues	<u>10,491,918</u>	<u>10,491,918</u>	<u>10,845,436</u>	<u>353,518</u>
EXPENDITURES				
Current:				
Public ways and facilities	13,225,021	13,264,482	6,065,498	7,198,984
Capital outlay	510,325	487,912	3,929,431	(3,441,519)
Total Expenditures	<u>13,735,346</u>	<u>13,752,394</u>	<u>9,994,929</u>	<u>3,757,465</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,243,428)</u>	<u>(3,260,476)</u>	<u>850,507</u>	<u>4,110,983</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,580	3,580	3,580	-
Transfers out	-	-	(226,917)	(226,917)
Total Other Financing Sources (Uses)	<u>3,580</u>	<u>3,580</u>	<u>(223,337)</u>	<u>(226,917)</u>
Net Change in Fund Balances	<u>(3,239,848)</u>	<u>(3,256,896)</u>	<u>627,170</u>	<u>3,884,066</u>
Fund Balances - Beginning	3,685,386	3,685,386	3,685,386	-
Change in inventory on purchases method	52,680	52,680	52,680	-
Fund Balances - Ending	<u>\$ 498,218</u>	<u>\$ 481,170</u>	<u>\$ 4,365,236</u>	<u>\$ 3,884,066</u>

COUNTY OF TEHAMA
Required Supplementary Information
Budgetary Comparison Schedule
Public Safety - Major Special Revenue Fund
For the Year Ended June 30, 2019

	<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	\$ 4,401	\$ 3,151
Fines and forfeitures	18,500	18,500	104,846	86,346
Use of money and property	-	-	272,371	272,371
Intergovernmental	10,773,715	11,106,381	11,795,775	689,394
Charges for services	1,199,532	1,199,532	1,463,990	264,458
Other revenues	309,659	365,394	255,244	(110,150)
Total Revenues	<u>12,302,656</u>	<u>12,691,057</u>	<u>13,896,627</u>	<u>1,205,570</u>
EXPENDITURES				
Current:				
Public protection	28,912,235	29,134,854	28,139,141	995,713
Capital outlay	310,760	505,734	291,075	214,659
Total Expenditures	<u>29,222,995</u>	<u>29,640,588</u>	<u>28,430,216</u>	<u>1,210,372</u>
Excess of Revenues Over (Under) Expenditures	<u>(16,920,339)</u>	<u>(16,949,531)</u>	<u>(14,533,589)</u>	<u>2,415,942</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	16,512,751	16,512,751	15,194,588	(1,318,163)
Transfers out	-	(6,069)	-	6,069
Total Other Financing Sources (Uses)	<u>16,512,751</u>	<u>16,506,682</u>	<u>15,194,588</u>	<u>(1,312,094)</u>
Net Change in Fund Balances	(407,588)	(442,849)	660,999	1,103,848
Fund Balances - Beginning	<u>7,853,621</u>	<u>7,853,621</u>	<u>7,853,621</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ 7,446,033</u></u>	<u><u>\$ 7,410,772</u></u>	<u><u>\$ 8,514,620</u></u>	<u><u>\$ 1,103,848</u></u>

COUNTY OF TEHAMA
Required Supplementary Information
Budgetary Comparison Schedule
Public Assistance - Major Special Revenue Fund
For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 19,922	\$ 19,922
Use of money and property	10,080	10,080	10,597	517
Intergovernmental	41,735,382	41,735,382	38,945,706	(2,789,676)
Charges for services	120,467	120,467	91,396	(29,071)
Other revenues	274,474	274,474	268,885	(5,589)
Total Revenues	<u>42,140,403</u>	<u>42,140,403</u>	<u>39,336,506</u>	<u>(2,803,897)</u>
EXPENDITURES				
Current:				
Public assistance	43,057,530	43,050,380	38,839,955	4,210,425
Capital outlay	372,000	449,319	153,406	295,913
Total Expenditures	<u>43,429,530</u>	<u>43,499,699</u>	<u>38,993,361</u>	<u>4,506,338</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,289,127)</u>	<u>(1,359,296)</u>	<u>343,145</u>	<u>1,702,441</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,056,859	1,056,859	1,073,431	16,572
Transfers out	-	-	(20,000)	(20,000)
Total Other Financing Sources (Uses)	<u>1,056,859</u>	<u>1,056,859</u>	<u>1,053,431</u>	<u>(3,428)</u>
Net Change in Fund Balances	<u>(232,268)</u>	<u>(302,437)</u>	<u>1,396,576</u>	<u>1,699,013</u>
Fund Balances - Beginning	<u>1,837,648</u>	<u>1,837,648</u>	<u>1,837,648</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ 1,605,380</u></u>	<u><u>\$ 1,535,211</u></u>	<u><u>\$ 3,234,224</u></u>	<u><u>\$ 1,699,013</u></u>

COUNTY OF TEHAMA
Required Supplementary Information
Budgetary Comparison Schedule
Health Services - Major Special Revenue Fund
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ 2,368,600	\$ 2,368,600
Fines and forfeitures	-	-	27,533	27,533
Use of money and property	-	-	9,968	9,968
Intergovernmental	18,009,614	18,009,614	13,716,142	(4,293,472)
Charges for services	8,184,813	8,206,106	7,743,230	(462,876)
Other revenues	78,000	78,000	101,663	23,663
Total Revenues	<u>26,272,427</u>	<u>26,293,720</u>	<u>23,967,136</u>	<u>(2,326,584)</u>
EXPENDITURES				
Current:				
Health and welfare	25,729,408	25,816,035	23,786,327	2,029,708
Capital outlay	630,409	633,416	91,729	541,687
Total Expenditures	<u>26,359,817</u>	<u>26,449,451</u>	<u>23,878,056</u>	<u>2,571,395</u>
Excess of Revenues Over (Under) Expenditures	<u>(87,390)</u>	<u>(155,731)</u>	<u>89,080</u>	<u>244,811</u>
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	-	39,558	39,558
Transfers in	125,990	125,990	106,739	(19,251)
Transfers out	(363,050)	(363,050)	(363,050)	-
Total Other Financing Sources (Uses)	<u>(237,060)</u>	<u>(237,060)</u>	<u>(216,753)</u>	<u>20,307</u>
Net Change in Fund Balances	(324,450)	(392,791)	(127,673)	265,118
Fund Balances (Deficits) - Beginning	<u>(4,170,056)</u>	<u>(4,170,056)</u>	<u>(4,170,056)</u>	<u>-</u>
Fund Balances (Deficits) - Ending	<u>\$ (4,494,506)</u>	<u>\$ (4,562,847)</u>	<u>\$ (4,297,729)</u>	<u>\$ 265,118</u>
Reconciliation of Net Change in Fund Balance - Budgetary to GAAP Basis:				
Net Change in Fund Balance - Budgetary Basis				\$ (127,673)
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				(41,654)
Debt service - principal expenditures				38,597
Debt service - interest and other charges expenditures				3,057
Net Change in Fund Balance - Statement of Revenues, Expenditures and Changes in Fund Balance				<u>\$ (127,673)</u>

COUNTY OF TEHAMA
Required Supplementary Information
Note to Budgetary Comparison Schedules
For the Year Ended June 30, 2019

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 budget 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, 2019

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.

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Combining Nonmajor Fund Financial Statements

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Nonmajor Governmental Funds

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COUNTY OF TEHAMA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue Funds	Capital Projects Fund	Debt Service Fund	Totals
ASSETS				
Cash and investments	\$ 14,803,952	\$ 5,251,859	\$ 308,140	\$ 20,363,951
Cash with fiscal agent	-	1,414,358	1,083,527	2,497,885
Receivables:				
Accounts	170,639	96	-	170,735
Intergovernmental	909,387	-	-	909,387
Advances to other funds	10,000	-	-	10,000
Prepaid costs	1,028	-	-	1,028
Total Assets	\$ 15,895,006	\$ 6,666,313	\$ 1,391,667	\$ 23,952,986
LIABILITIES				
Accounts payable	\$ 391,554	\$ 220,266	\$ -	\$ 611,820
Salaries and benefits payable	98,158	4,126	-	102,284
Due to other governments	7,128	-	-	7,128
Unearned revenues	10,024	-	-	10,024
Total Liabilities	506,864	224,392	-	731,256
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	887,852	-	-	887,852
Total Deferred Inflows of Resources	887,852	-	-	887,852
FUND BALANCES				
Nonspendable	11,028	-	-	11,028
Restricted	14,489,262	-	-	14,489,262
Committed	-	6,441,921	1,391,667	7,833,588
Total Fund Balances	14,500,290	6,441,921	1,391,667	22,333,878
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 15,895,006	\$ 6,666,313	\$ 1,391,667	\$ 23,952,986

COUNTY OF TEHAMA
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue Funds	Capital Projects Fund	Debt Service Fund	Totals
REVENUES				
Taxes and assessments	\$ 4,478,006	\$ 3,842	\$ -	\$ 4,481,848
Licenses and permits	1,625,224	-	-	1,625,224
Fines and forfeitures	30,848	54,988	207,122	292,958
Use of money and property	295,630	120,639	86,863	503,132
Intergovernmental	3,349,466	376,878	-	3,726,344
Charges for services	1,950,524	-	-	1,950,524
Other revenues	320,661	-	-	320,661
Total Revenues	12,050,359	556,347	293,985	12,900,691
EXPENDITURES				
Current:				
General government	248,983	434,671	2,247	685,901
Public protection	5,864,511	-	-	5,864,511
Health and welfare	969,769	-	-	969,769
Public assistance	2,122,705	-	-	2,122,705
Public ways and facilities	1,779,141	-	-	1,779,141
Debt service:				
Principal	-	-	780,000	780,000
Interest and other charges	-	-	451,238	451,238
Capital outlay	556,486	1,461,134	-	2,017,620
Total Expenditures	11,541,595	1,895,805	1,233,485	14,670,885
Excess of Revenues Over (Under) Expenditures	508,764	(1,339,458)	(939,500)	(1,770,194)
OTHER FINANCING SOURCES (USES)				
Transfers in	380,034	55,110	955,938	1,391,082
Transfers out	(125,399)	-	(21,404)	(146,803)
Total Other Financing Sources (Uses)	254,635	55,110	934,534	1,244,279
Net Change in Fund Balances	763,399	(1,284,348)	(4,966)	(525,915)
Fund Balances - Beginning	13,736,891	7,726,269	1,396,633	22,859,793
Fund Balances - Ending	\$ 14,500,290	\$ 6,441,921	\$ 1,391,667	\$ 22,333,878

Nonmajor Governmental Funds

- **Special Revenue Funds**

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COUNTY OF TEHAMA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019

	Underground Storage Tank	Fish and Game	Fire	Child Support
ASSETS				
Cash and investments	\$ 302	\$ 143,183	\$ 7,415,280	\$ 191,962
Receivables:				
Accounts	-	-	87,233	-
Intergovernmental	-	-	19,999	62,750
Advances to other funds	-	-	-	10,000
Prepaid costs	-	-	475	-
Total Assets	\$ 302	\$ 143,183	\$ 7,522,987	\$ 264,712
LIABILITIES				
Accounts payable	\$ -	\$ 1,705	\$ 122,680	\$ 1,118
Salaries and benefits payable	-	-	11,976	50,352
Due to other governments	154	-	-	-
Unearned revenues	-	-	-	-
Total Liabilities	154	1,705	134,656	51,470
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	19,999	62,750
Total Deferred Inflows of Resources	-	-	19,999	62,750
FUND BALANCES				
Nonspendable	-	-	475	10,000
Restricted	148	141,478	7,367,857	140,492
Total Fund Balances	148	141,478	7,368,332	150,492
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 302	\$ 143,183	\$ 7,522,987	\$ 264,712

Building and Safety	Senior Nutrition	Transportation Operations	Air Pollution	Los Molinos Lighting	Tehama County Flood Control	Tehama County Flood Zone 3	Tehama Power Authority
\$ 801,937	\$ 128,699	\$ 1,802,212	\$ 1,795,173	\$ 87,878	\$ 214,841	\$ 948,080	\$ 5,606
-	30,359	4,788	38,262	-	-	-	-
-	-	712,772	21,535	-	20,227	72,104	-
-	-	-	-	-	-	-	-
553	-	-	-	-	-	-	-
<u>\$ 802,490</u>	<u>\$ 159,058</u>	<u>\$ 2,519,772</u>	<u>\$ 1,854,970</u>	<u>\$ 87,878</u>	<u>\$ 235,068</u>	<u>\$ 1,020,184</u>	<u>\$ 5,606</u>
\$ 11,842	\$ 447	\$ 139,801	\$ 86,126	\$ 699	\$ -	\$ 27,136	\$ -
18,900	1,486	-	11,651	-	3,793	-	-
6,974	-	-	-	-	-	-	-
10,024	-	-	-	-	-	-	-
<u>47,740</u>	<u>1,933</u>	<u>139,801</u>	<u>97,777</u>	<u>699</u>	<u>3,793</u>	<u>27,136</u>	<u>-</u>
-	-	712,772	-	-	20,227	72,104	-
-	-	712,772	-	-	20,227	72,104	-
553	-	-	-	-	-	-	-
<u>754,197</u>	<u>157,125</u>	<u>1,667,199</u>	<u>1,757,193</u>	<u>87,179</u>	<u>211,048</u>	<u>920,944</u>	<u>5,606</u>
<u>754,750</u>	<u>157,125</u>	<u>1,667,199</u>	<u>1,757,193</u>	<u>87,179</u>	<u>211,048</u>	<u>920,944</u>	<u>5,606</u>
<u>\$ 802,490</u>	<u>\$ 159,058</u>	<u>\$ 2,519,772</u>	<u>\$ 1,854,970</u>	<u>\$ 87,878</u>	<u>\$ 235,068</u>	<u>\$ 1,020,184</u>	<u>\$ 5,606</u>

COUNTY OF TEHAMA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019

	<u>AB 923</u>	<u>Small Claim Fees</u>	<u>Community Block Grant</u>	<u>Impact Fees</u>
ASSETS				
Cash and investments	\$ 428,621	\$ 18,181	\$ 20,738	\$ 801,259
Receivables:				
Accounts	9,997	-	-	-
Intergovernmental	-	-	-	-
Advances to other funds	-	-	-	-
Prepaid costs	-	-	-	-
Total Assets	<u>\$ 438,618</u>	<u>\$ 18,181</u>	<u>\$ 20,738</u>	<u>\$ 801,259</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Salaries and benefits payable	-	-	-	-
Due to other governments	-	-	-	-
Unearned revenues	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	438,618	18,181	20,738	801,259
Total Fund Balances	<u>438,618</u>	<u>18,181</u>	<u>20,738</u>	<u>801,259</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 438,618</u>	<u>\$ 18,181</u>	<u>\$ 20,738</u>	<u>\$ 801,259</u>

Totals

\$14,803,952

170,639

909,387

10,000

1,028

\$15,895,006

\$ 391,554

98,158

7,128

10,024

506,864

887,852

887,852

11,028

14,489,262

14,500,290

\$15,895,006

COUNTY OF TEHAMA
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2019

	Underground Storage Tank	Fish and Game	Fire	Child Support
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ 3,545,645	\$ -
License and permits	-	-	-	-
Fines and forfeitures	-	1,233	-	-
Use of money and property	-	2,605	136,186	5,638
Intergovernmental	101	-	119,353	1,787,268
Charges for services	-	-	1,506,365	-
Other revenues	-	-	5,117	8,956
Total Revenues	101	3,838	5,312,666	1,801,862
EXPENDITURES				
Current:				
General government	-	-	-	-
Public protection	-	4,377	4,517,804	-
Health and welfare	-	-	-	-
Public assistance	-	-	-	1,882,611
Public ways and facilities	-	-	-	-
Capital outlay	-	1,976	289,117	-
Total Expenditures	-	6,353	4,806,921	1,882,611
Excess of Revenues Over (Under) Expenditures	101	(2,515)	505,745	(80,749)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	102,865	-
Transfers out	-	-	(102,865)	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	101	(2,515)	505,745	(80,749)
Fund Balances - Beginning	47	143,993	6,862,587	231,241
Fund Balances - Ending	\$ 148	\$ 141,478	\$ 7,368,332	\$ 150,492

Building and Safety	Senior Nutrition	Transportation Operations	Air Pollution	Los Molinos Lighting	Tehama County Flood Control	Tehama County Flood Zone 3	Tehama Power Authority
\$ -	\$ -	\$ 658,145	\$ -	\$ 13,789	\$ 154,707	\$ 105,720	\$ -
800,238	-	-	708,031	-	-	-	-
13,782	-	-	15,833	-	-	-	-
12,869	2,195	67,886	28,450	1,531	3,673	14,929	101
-	201,274	106,908	795,562	203	7,388	260,017	-
22,162	24,078	126,703	-	-	-	-	-
-	34,164	69,483	202,941	-	-	-	-
<u>849,051</u>	<u>261,711</u>	<u>1,029,125</u>	<u>1,750,817</u>	<u>15,523</u>	<u>165,768</u>	<u>380,666</u>	<u>101</u>
-	-	-	197,878	-	-	-	-
727,423	-	-	-	11,307	207,363	396,237	-
-	-	-	933,593	-	-	-	-
-	240,094	-	-	-	-	-	-
-	-	1,779,141	-	-	-	-	-
-	-	265,393	-	-	-	-	-
<u>727,423</u>	<u>240,094</u>	<u>2,044,534</u>	<u>1,131,471</u>	<u>11,307</u>	<u>207,363</u>	<u>396,237</u>	<u>-</u>
<u>121,628</u>	<u>21,617</u>	<u>(1,015,409)</u>	<u>619,346</u>	<u>4,216</u>	<u>(41,595)</u>	<u>(15,571)</u>	<u>101</u>
-	27,718	-	-	-	22,534	226,917	-
-	-	-	-	-	-	(22,534)	-
<u>-</u>	<u>27,718</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,534</u>	<u>204,383</u>	<u>-</u>
121,628	49,335	(1,015,409)	619,346	4,216	(19,061)	188,812	101
<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>\$ 754,750</u>	<u>\$ 157,125</u>	<u>\$ 1,667,199</u>	<u>\$ 1,757,193</u>	<u>\$ 87,179</u>	<u>\$ 211,048</u>	<u>\$ 920,944</u>	<u>\$ 5,606</u>

COUNTY OF TEHAMA
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2019

	<u>AB 923</u>	<u>Small Claim Fees</u>	<u>Community Block Grant</u>	<u>Impact Fees</u>
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
License and permits	116,955	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	7,012	325	451	11,779
Intergovernmental	-	-	71,392	-
Charges for services	-	-	-	271,216
Other revenues	-	-	-	-
Total Revenues	<u>123,967</u>	<u>325</u>	<u>71,843</u>	<u>282,995</u>
EXPENDITURES				
Current:				
General government	-	-	51,105	-
Public protection	-	-	-	-
Health and welfare	36,176	-	-	-
Public assistance	-	-	-	-
Public ways and facilities	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>36,176</u>	<u>-</u>	<u>51,105</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>87,791</u>	<u>325</u>	<u>20,738</u>	<u>282,995</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	87,791	325	20,738	282,995
Fund Balances - Beginning	<u>350,827</u>	<u>17,856</u>	<u>-</u>	<u>518,264</u>
Fund Balances - Ending	<u>\$ 438,618</u>	<u>\$ 18,181</u>	<u>\$ 20,738</u>	<u>\$ 801,259</u>

Totals

\$ 4,478,006
1,625,224
30,848
295,630
3,349,466
1,950,524
320,661

12,050,359

248,983
5,864,511
969,769
2,122,705
1,779,141
556,486

11,541,595

508,764

380,034
(125,399)

254,635

763,399

13,736,891

\$14,500,290

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Nonmajor Governmental Funds

- **Capital Projects Fund**

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COUNTY OF TEHAMA
Combining Balance Sheet
Nonmajor Capital Projects Fund
June 30, 2019

	Capital Projects	Totals
ASSETS		
Cash and investments	\$ 5,251,859	\$ 5,251,859
Cash with fiscal agent	1,414,358	1,414,358
Receivables:		
Accounts	96	96
Total Assets	\$ 6,666,313	\$ 6,666,313
LIABILITIES		
Accounts payable	\$ 220,266	\$ 220,266
Salaries and benefits payable	4,126	4,126
Total Liabilities	224,392	224,392
FUND BALANCE		
Committed	6,441,921	6,441,921
Total Fund Balance	6,441,921	6,441,921
Total Liabilities and Fund Balance	\$ 6,666,313	\$ 6,666,313

COUNTY OF TEHAMA
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
Nonmajor Capital Projects Fund
For the Year Ended June 30, 2019

	Capital Projects	Totals
REVENUES		
Taxes and assessments	\$ 3,842	\$ 3,842
Fines and forfeitures	54,988	54,988
Use of money and property	120,639	120,639
Intergovernmental revenue	376,878	376,878
	556,347	556,347
EXPENDITURES		
Current:		
General government	434,671	434,671
Capital outlay	1,461,134	1,461,134
	1,895,805	1,895,805
Excess of Revenues Over (Under) Expenditures	(1,339,458)	(1,339,458)
OTHER FINANCING SOURCES (USES)		
Transfers in	55,110	55,110
	55,110	55,110
Net Change in Fund Balance	(1,284,348)	(1,284,348)
Fund Balance - Beginning	7,726,269	7,726,269
Fund Balance - Ending	\$ 6,441,921	\$ 6,441,921

Nonmajor Governmental Funds

- **Debt Service Fund**

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**COUNTY OF TEHAMA
Combining Balance Sheet
Nonmajor Debt Service Fund
June 30, 2019**

	Debt Service	Totals
ASSETS		
Cash and investments	\$ 308,140	\$ 308,140
Cash with fiscal agent	1,083,527	1,083,527
Total Assets	\$ 1,391,667	\$ 1,391,667
LIABILITIES		
Accounts payable	\$ -	\$ -
Total Liabilities	-	-
FUND BALANCE		
Committed	1,391,667	1,391,667
Total Fund Balance	1,391,667	1,391,667
Total Liabilities and Fund Balance	\$ 1,391,667	\$ 1,391,667

COUNTY OF TEHAMA
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
Nonmajor Debt Service Fund
For the Year Ended June 30, 2019

	Debt Service	Total
REVENUES		
Fines and forfeitures	\$ 207,122	\$ 207,122
Use of money and property	86,863	86,863
Total Revenues	293,985	293,985
EXPENDITURES		
Current:		
General government	2,247	2,247
Debt service:		
Principal	780,000	780,000
Interest and other charges	451,238	451,238
Total Expenditures	1,233,485	1,233,485
Excess of Revenues Over (Under) Expenditures	(939,500)	(939,500)
OTHER FINANCING SOURCES (USES)		
Transfers in	955,938	955,938
Transfers out	(21,404)	(21,404)
Total Other Financing Sources (Uses)	934,534	934,534
Net Change in Fund Balance	(4,966)	(4,966)
Fund Balance - Beginning	1,396,633	1,396,633
Fund Balance - Ending	\$ 1,391,667	\$ 1,391,667

Nonmajor Proprietary Fund

- **Enterprise Funds**

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COUNTY OF TEHAMA
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2019

	Health Center	Tehama County Sanitation District #1	Totals
ASSETS			
Current Assets:			
Cash and investments	\$ 1,257	\$ 329,665	\$ 330,922
Total Current Assets	<u>1,257</u>	<u>329,665</u>	<u>330,922</u>
Noncurrent Assets:			
Capital assets:			
Non-depreciable	-	38,047	38,047
Depreciable, net	-	702,698	702,698
Total capital assets	<u>-</u>	<u>740,745</u>	<u>740,745</u>
Total Noncurrent Assets	<u>-</u>	<u>740,745</u>	<u>740,745</u>
Total Assets	<u>1,257</u>	<u>1,070,410</u>	<u>1,071,667</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	-	6,684	6,684
Salaries and benefits payable	-	804	804
Accrued interest payable	-	4,473	4,473
Bonds payable	<u>-</u>	<u>19,500</u>	<u>19,500</u>
Total Current Liabilities	<u>-</u>	<u>31,461</u>	<u>31,461</u>
Noncurrent Liabilities:			
Bonds payable	<u>-</u>	<u>295,200</u>	<u>295,200</u>
Total Noncurrent Liabilities	<u>-</u>	<u>295,200</u>	<u>295,200</u>
Total Liabilities	<u>-</u>	<u>326,661</u>	<u>326,661</u>
NET POSITION			
Net investment in capital assets	-	426,045	426,045
Unrestricted	<u>1,257</u>	<u>317,704</u>	<u>318,961</u>
Total Net Position	<u>\$ 1,257</u>	<u>\$ 743,749</u>	<u>\$ 745,006</u>

COUNTY OF TEHAMA
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2019

	Health Center	Tehama County Sanitation District #1	Totals
OPERATING REVENUES			
Charges for services	\$ -	\$ 170,771	\$ 170,771
Other revenues	-	25	25
Total Operating Revenues	-	170,796	170,796
OPERATING EXPENSES			
Salaries and benefits	-	22,128	22,128
Services and supplies	-	116,581	116,581
Professional services	-	4,205	4,205
Depreciation	-	39,362	39,362
Total Operating Expenses	-	182,276	182,276
Operating Income (Loss)	-	(11,480)	(11,480)
NON-OPERATING REVENUE (EXPENSES)			
Intergovernmental revenue	-	95,922	95,922
Interest income	22	5,443	5,465
Interest expense	-	(14,455)	(14,455)
Total Non-Operating Revenue (Expenses)	22	86,910	86,932
Income (Loss) Before Transfers	22	75,430	75,452
Transfers in	-	18,500	18,500
Transfers out	-	(18,500)	(18,500)
Change in Net Position	22	75,430	75,452
Total Net Position - Beginning	1,235	668,319	669,554
Total Net Position - Ending	\$ 1,257	\$ 743,749	\$ 745,006

COUNTY OF TEHAMA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2019

	Health Center	Tehama County Sanitation District #1	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ -	\$ 170,796	\$ 170,796
Payments to suppliers	-	(146,086)	(146,086)
Payments to employees	-	(21,984)	(21,984)
Net Cash Provided (Used) by Operating Activities	-	2,726	2,726
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Intergovernmental revenue received	-	95,922	95,922
Net Cash Provided (Used) by Non-Capital Financing Activities	-	95,922	95,922
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on capital debt	-	(18,500)	(18,500)
Interest paid on capital debt	-	(14,578)	(14,578)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(33,078)	(33,078)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	22	5,443	5,465
Net Cash Provided (Used) by Investing Activities	22	5,443	5,465
Net Increase (Decrease) in Cash and Cash Equivalents	22	71,013	71,035
Balances - Beginning	1,235	258,652	259,887
Balances - Ending	\$ 1,257	\$ 329,665	\$ 330,922
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ -	\$ (11,480)	\$ (11,480)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	-	39,362	39,362
Increase (decrease) in:			
Accounts payable	-	(25,300)	(25,300)
Salaries and benefits payable	-	144	144
Net Cash Provided (Used) by Operating Activities	\$ -	\$ 2,726	\$ 2,726

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Internal Service Funds

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COUNTY OF TEHAMA
Combining Statement of Net Position
Internal Service Funds
June 30, 2019

	<u>Risk Management</u>	<u>Dental Insurance</u>	<u>Vision Insurance</u>	<u>Totals</u>
ASSETS				
Current Assets:				
Cash and investments	\$ 1,956,343	\$ 772,699	\$ 419	\$ 2,729,461
Deposits with others	-	60,900	-	60,900
Prepaid costs	-	1,680	250	1,930
Total Current Assets	<u>1,956,343</u>	<u>835,279</u>	<u>669</u>	<u>2,792,291</u>
Noncurrent Assets:				
Capital assets:				
Depreciable, net	3,175	-	-	3,175
Total Noncurrent Assets	<u>3,175</u>	<u>-</u>	<u>-</u>	<u>3,175</u>
Total Assets	<u>1,959,518</u>	<u>835,279</u>	<u>669</u>	<u>2,795,466</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension adjustments	123,277	-	-	123,277
Deferred OPEB adjustments	276	-	-	276
Total Deferred Outflows of Resources	<u>123,553</u>	<u>-</u>	<u>-</u>	<u>123,553</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	4,746	52,355	9,004	66,105
Salaries and benefits payable	17,194	-	-	17,194
Compensated absences payable	10,845	-	-	10,845
Estimated claims liability	1,353,000	95,973	16,295	1,465,268
Total Current Liabilities	<u>1,385,785</u>	<u>148,328</u>	<u>25,299</u>	<u>1,559,412</u>
Noncurrent Liabilities:				
Compensated absences payable	1,205	-	-	1,205
Net pension liability	684,175	-	-	684,175
Net OPEB liability	8,769	-	-	8,769
Total Noncurrent Liabilities	<u>694,149</u>	<u>-</u>	<u>-</u>	<u>694,149</u>
Total Liabilities	<u>2,079,934</u>	<u>148,328</u>	<u>25,299</u>	<u>2,253,561</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pension adjustments	18,705	-	-	18,705
Total Deferred Inflows of Resources	<u>18,705</u>	<u>-</u>	<u>-</u>	<u>18,705</u>
NET POSITION				
Investment in capital assets	3,175	-	-	3,175
Unrestricted	(18,743)	686,951	(24,630)	643,578
Total Net Position	<u>\$ (15,568)</u>	<u>\$ 686,951</u>	<u>\$ (24,630)</u>	<u>\$ 646,753</u>

COUNTY OF TEHAMA
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2019

	Risk Management	Dental Insurance	Vision Insurance	Totals
OPERATING REVENUES				
Charges for services	\$ 4,051,232	\$ 766,943	\$ 118,211	\$ 4,936,386
Other revenues	163,500	-	-	163,500
Total Operating Revenues	<u>4,214,732</u>	<u>766,943</u>	<u>118,211</u>	<u>5,099,886</u>
OPERATING EXPENSES				
Salaries and benefits	539,818	-	-	539,818
Administration	618,302	-	-	618,302
Insurance	2,359	620,599	101,797	724,755
Professional services	330,607	70,456	11,768	412,831
Claims and judgments	3,365,281	-	-	3,365,281
Depreciation	489	-	-	489
Total Operating Expenses	<u>4,856,856</u>	<u>691,055</u>	<u>113,565</u>	<u>5,661,476</u>
Operating Income (Loss)	<u>(642,124)</u>	<u>75,888</u>	<u>4,646</u>	<u>(561,590)</u>
NON-OPERATING REVENUE (EXPENSES)				
Interest income	20,612	13,401	30	34,043
Total Non-Operating Revenue (Expenses)	<u>20,612</u>	<u>13,401</u>	<u>30</u>	<u>34,043</u>
Change in Net Position	(621,512)	89,289	4,676	(527,547)
Total Net Position - Beginning	<u>605,944</u>	<u>597,662</u>	<u>(29,306)</u>	<u>1,174,300</u>
Total Net Position - Ending	<u>\$ (15,568)</u>	<u>\$ 686,951</u>	<u>\$ (24,630)</u>	<u>\$ 646,753</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	\$ 4,214,732	\$ 766,943	\$ 118,211	\$ 5,099,886
Payments to suppliers	(3,807,961)	(690,520)	(119,216)	(4,617,697)
Payments to employees	(517,988)	-	-	(517,988)
Net Cash Provided (Used) by Operating Activities	<u>(111,217)</u>	<u>76,423</u>	<u>(1,005)</u>	<u>(35,799)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(3,664)	-	-	(3,664)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(3,664)</u>	<u>-</u>	<u>-</u>	<u>(3,664)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	20,612	13,401	30	34,043
Net Cash Provided (Used) by Investing Activities	<u>20,612</u>	<u>13,401</u>	<u>30</u>	<u>34,043</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(94,269)	89,824	(975)	(5,420)
Balances - Beginning	2,050,612	682,875	1,394	2,734,881
Balances - Ending	<u>\$ 1,956,343</u>	<u>\$ 772,699</u>	<u>\$ 419</u>	<u>\$ 2,729,461</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (642,124)	\$ 75,888	\$ 4,646	\$ (561,590)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	489	-	-	489
Decrease (increase) in:				
Prepaid costs	-	24	4	28
Deferred pension adjustments - deferred outflows of resources	59,485	-	-	59,485
Deferred OPEB adjustments - deferred outflows of resources	(276)	-	-	(276)
Increase (decrease) in:				
Accounts payable	(21,412)	4,590	(1,420)	(18,242)
Salaries and benefits payable	173	-	-	173
Compensated absences payable	273	-	-	273
Estimated claims liability	530,000	(4,079)	(4,235)	521,686
Deferred pension adjustments - deferred inflows of resources	(7,364)	-	-	(7,364)
Net pension liability	(30,835)	-	-	(30,835)
Net OPEB liability	374	-	-	374
Net Cash Provided (Used) by Operating Activities	<u>\$ (111,217)</u>	<u>\$ 76,423</u>	<u>\$ (1,005)</u>	<u>\$ (35,799)</u>

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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, 2019

	Special Districts Governed by Local Boards	School Districts	Totals
ASSETS			
Cash and investments	<u>\$ 4,566,285</u>	<u>\$90,034,143</u>	<u>\$94,600,428</u>
Total Assets	<u><u>\$ 4,566,285</u></u>	<u><u>\$90,034,143</u></u>	<u><u>\$94,600,428</u></u>
NET POSITION			
Net position held in trust for pool participants	<u>4,566,285</u>	<u>90,034,143</u>	<u>94,600,428</u>
Total Net Position	<u><u>\$ 4,566,285</u></u>	<u><u>\$90,034,143</u></u>	<u><u>\$94,600,428</u></u>

COUNTY OF TEHAMA
Combining Statement of Changes in Fiduciary Net Position
Investment Trust Funds
For the Year Ended June 30, 2019

	Special Districts Governed by Local Boards	School Districts	Totals
ADDITIONS			
Contributions to investment pool	\$ 357,406	\$27,356,998	\$27,714,404
Total Additions	<u>357,406</u>	<u>27,356,998</u>	<u>27,714,404</u>
DEDUCTIONS			
Distributions from investment pool	<u>457,462</u>	<u>17,974,970</u>	<u>18,432,432</u>
Total Deductions	<u>457,462</u>	<u>17,974,970</u>	<u>18,432,432</u>
Change in Net Position	(100,056)	9,382,028	9,281,972
Net Position - Beginning	<u>4,666,341</u>	<u>80,652,115</u>	<u>85,318,456</u>
Net Position - Ending	<u>\$ 4,566,285</u>	<u>\$90,034,143</u>	<u>\$94,600,428</u>

COUNTY OF TEHAMA
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2019

	County Departmental Agency Funds	Totals
ASSETS		
Cash and investments	\$32,365,137	\$32,365,137
Taxes receivable	7,598,488	7,598,488
Due from other funds	37,249	37,249
Advances to other funds	7,187	7,187
	\$40,008,061	\$40,008,061
LIABILITIES		
Due to other funds	\$ 73,908	\$ 73,908
Advances from other funds	2,583,181	2,583,181
Agency obligations	37,350,972	37,350,972
	\$40,008,061	\$40,008,061

COUNTY OF TEHAMA
Combining Statement of Changes in
Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2019

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
COUNTY DEPARTMENTAL AGENCY FUNDS				
ASSETS				
Cash and investments	\$18,107,268	\$17,452,644	\$ 3,194,775	\$32,365,137
Taxes receivable	7,980,065	7,598,488	7,980,065	7,598,488
Due from other funds	-	37,249	-	37,249
Advances to other funds	-	7,187	-	7,187
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$26,087,333</u>	<u>\$25,095,568</u>	<u>\$11,174,840</u>	<u>\$40,008,061</u>
LIABILITIES				
Due to other funds	\$ 54,730	\$ 73,908	\$ 54,730	\$ 73,908
Advances from other funds	207,645	2,375,536	-	2,583,181
Agency obligations	25,824,958	22,646,124	11,120,110	37,350,972
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$26,087,333</u>	<u>\$25,095,568</u>	<u>\$11,174,840</u>	<u>\$40,008,061</u>