

**COUNTY OF TEHAMA,
CALIFORNIA**



**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2016**

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF TEHAMA
Annual Financial Report
For the Year Ended June 30, 2016

Table of Contents

	Page
INTRODUCTORY SECTION	
County Officials.....	i
FINANCIAL SECTION	
Independent Auditor’s Report.....	1-3
Management’s Discussion and Analysis (Unaudited).....	4-12
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	13-14
Statement of Activities.....	15
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	16
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position - Governmental Activities.....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities - Governmental Activities.....	19
Proprietary Funds:	
Statement of Net Position.....	20-21
Statement of Revenues, Expenses, and Changes in Net Position.....	22
Statement of Cash Flows.....	23-24
Fiduciary Funds:	
Statement of Net Position.....	25
Statement of Changes in Net Position.....	26
Notes to Basic Financial Statements.....	27-62
Required Supplementary Information (Unaudited):	
County Pension Plans - Schedule of Changes in Net Pension Liability and Related Ratios.....	63-64
County Pension Plans - Schedule of Contributions.....	65
County Pension Plans - Notes to the County Pension Plans.....	66
County OPEB Plan - Schedule of Funding Progress.....	67
Infrastructure Assets Reported Using the Modified Approach.....	68-70
Budgetary Comparison Schedule - General Fund.....	71-72
Budgetary Comparison Schedule - Public Safety.....	73
Budgetary Comparison Schedule - Public Assistance.....	74
Budgetary Comparison Schedule - Health Services.....	75
Note to Budgetary Comparison Schedules.....	76-77

COUNTY OF TEHAMA
Annual Financial Report
For the Year Ended June 30, 2016

Table of Contents

	Page
FINANCIAL SECTION (CONTINUED)	
Combining Nonmajor Fund Statements:	
Nonmajor Governmental Funds:	
Combining Balance Sheet.....	78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.	79
Special Revenue Funds:	
Combining Balance Sheet.	80-81
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.	82-83
Capital Project Funds:	
Combining Balance Sheet.	84
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.	85
Debt Service Funds:	
Combining Balance Sheet.	86
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance.....	87
Nonmajor Proprietary Funds:	
Enterprise Funds:	
Combining Statement of Net Position.	88
Combining Statement of Revenues, Expenses, and Changes in Net Position.	89
Combining Statement of Cash Flows.....	90
Internal Service Funds:	
Combining Statement of Net Position.	91
Combining Statement of Revenues, Expenses, and Changes in Net Position.	92
Combining Statement of Cash Flows.....	93
Fiduciary Funds:	
Investment Trust Funds:	
Combining Statement of Fiduciary Net Position.	94
Combining Statement of Changes in Fiduciary Net Position.....	95
Agency Funds:	
Combining Statement of Assets and Liabilities.....	96
Combining Statement of Changes in Assets and Liabilities.	97

INTRODUCTORY SECTION

- **County Officials**

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF TEHAMA
County Officials
For the Year Ended June 30, 2016

ELECTED OFFICIALS

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

DEPARTMENT DIRECTORS/ADMINISTRATORS

Chief Administrator.....	Williams Goodwin
Agriculture Commissioner - Sealer Weights & Measures.....	Rick J. Gurrola
Air Pollution Control Officer (Interim).....	Joseph H. Tona
Building Official.....	John Stover
Chief Probation Officer.....	Richard Muench
Child Support Services Director.....	Tonya Moore
Civil Defense Coordinator.....	Dave Hencratt
County Counsel.....	Arthur J. Wylene
County Librarian.....	Sally Ainsworth
Court Executive Officer - Jury Commissioner.....	Caryn Downing
Director of Environmental Health.....	Tim Potanovic
Director of Planning (Interim).....	Jim Wildaur
Director of Public Works - Road Commissioner.....	Gary Antone
Farm Advisor.....	Rick Buchner
Fire Warden - Chief.....	Jeff Schori
Health Officer.....	Richard Wickenheiser, MD
Health Services Agency - Executive Director.....	Valerie Lucero
Personnel Director.....	Sally Hacko
Public Guardian - Public Administrator.....	Melani Rodrigue
Social Services Director.....	Amanda Sharp
Veterans Service Officer.....	Kelly Osborn

THIS PAGE INTENTIONALLY LEFT BLANK

FINANCIAL SECTION

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

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1R to the basic financial statements, in 2016, the County implemented Governmental Accounting Standards Board (GASB) Statement Nos. 72, 73, 76 and 79. Our opinion is not modified with respect to these matters.

As described in Note 11B, the net pension liability is measured as of June 30, 2015 and the pension expense is for the measurement period of 2014-2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

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.

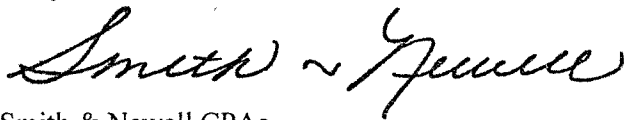
To the Board of Supervisors and Grand Jury
County of Tehama
Red Bluff, California

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 23, 2017, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control over financial reporting and compliance.



Smith & Newell CPAs
Yuba City, California
February 23, 2017

THIS PAGE INTENTIONALLY LEFT BLANK

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

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF TEHAMA

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016

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, 2016. 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 \$195,528,034 (net position). Of this amount, \$47,318,415 is restricted by function, \$194,700,585 is net investment in capital assets, and (\$46,490,966) is unrestricted.
- The government's total net position increased by \$4,011,024 during the year.
- As of June 30, 2016 the County's governmental funds combined ending fund balances were \$62,737,444. This is a net increase of \$1,455,784 from the prior year, and is comprised of \$33,428,000 in Non-spendable and/or Restricted fund balance and \$29,309,444 as Committed, Assigned or Unassigned.

II. OVERVIEW OF THE FINANCIAL STATEMENTS

A. Financial Reporting Model

The County of Tehama's financial reporting model is designed to demonstrate government accountability by presenting both a long-term and a near term view of its finances. This model is prescribed by Statement Number 34 of the Government Accounting Standards Board (GASB 34). This model is comprised of three parts: 1) Management Discussion and Analysis which provides the financial highlights; 2) The County's basic financial statements, which consist of the Government-Wide financial statements, the Fund financial statements and Notes to the financial statements and 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, public protection, public ways and facilities, health and sanitation, public assistance, education and recreation. With the closing of the old Hospital, the only remaining business type activity of the County consists of the Sanitation District.

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

C. Fund Financial Statements

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

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

The County maintains 19 individual governmental funds. Governmental funds information is presented separately for the following major funds in the financial statements: the General Fund, Public Safety Fund, Public Assistance Fund, and the Health Services Fund. Data from other governmental funds 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) and Dental 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 statement 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 benefits to its employees; infrastructure assets reported using the modified approach and budgetary comparisons for the General Fund and other governmental major funds.

III. GOVERNMENT-WIDE FINANCIAL ANALYSIS

Condensed Statement of Net Position June 30, 2016

	Governmental Activities		Business-Type Activities		Total	
	2015	2016	2015	2016	2015	2016
Current and other assets	\$ 85,918,410	\$ 85,378,118	\$ 130,803	\$ 148,542	\$ 86,049,213	\$ 85,526,660
Capital assets	206,125,104	208,177,661	898,644	859,085	207,023,748	209,036,746
Total Assets	<u>292,043,514</u>	<u>293,555,779</u>	<u>1,029,447</u>	<u>1,007,627</u>	<u>293,072,961</u>	<u>294,563,406</u>
Deferred Outflows of Resources						
Pension adjustments	6,264,429	6,688,700	-	-	6,264,429	6,688,700
Total Deferred Outflows of Resources	<u>6,264,429</u>	<u>6,688,700</u>	<u>-</u>	<u>-</u>	<u>6,264,429</u>	<u>6,688,700</u>
Current and other liabilities	14,048,047	18,232,865	23,360	24,830	14,071,407	18,257,695
Long term liabilities	79,567,142	80,936,527	378,000	394,000	79,945,142	81,330,527
Total Liabilities	<u>93,615,189</u>	<u>99,169,392</u>	<u>401,360</u>	<u>418,830</u>	<u>94,016,549</u>	<u>99,588,222</u>
Deferred Inflows of Resources						
Pension adjustments	13,803,831	6,168,850	-	-	13,803,831	6,168,850
Total Deferred Inflows of Resources	<u>13,803,831</u>	<u>6,168,850</u>	<u>-</u>	<u>-</u>	<u>13,803,831</u>	<u>6,168,850</u>
Invested in capital assets, net of related debt	192,181,457	194,219,500	504,644	481,085	192,686,101	194,700,585
Restricted	40,493,305	47,318,415	-	-	40,493,305	47,318,415
Unrestricted	(41,785,839)	(46,631,678)	123,443	140,712	(41,662,396)	(46,490,966)
Total Net Position	<u>\$ 190,888,923</u>	<u>\$ 194,906,237</u>	<u>\$ 628,087</u>	<u>\$ 621,797</u>	<u>\$ 191,517,010</u>	<u>\$ 195,528,034</u>

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

Restricted net position of \$47,318,415 represents resources that are subject to external restrictions on how they may be used. The increase of \$6.8 million is due largely to increases in Public Protection and Road.

Unrestricted net position of \$(46,490,966) represents the amount that is unrestricted and available. The decrease in unrestricted net position from last year to this year is \$4,828,570, due to the increase in pension liability.

The total deferred outflows of resources for governmental activities were \$6,688,700 and deferred inflows of resources were \$6,168,850. Both numbers are a result of recording pension liability and pension adjustments.

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

	Governmental Activities		Business-Type Activities		Total	
	2015	2016	2015	2016	2015	2016
Program revenues						
Charges for services	\$ 25,719,707	\$ 26,990,660	\$ 167,949	\$ 152,806	\$ 25,887,656	\$ 27,143,466
Grants and Contributions	80,055,088	78,634,624	-	-	80,055,088	78,634,624
General revenues:						
Property taxes	18,764,634	19,762,831	-	-	18,764,634	19,762,831
Other taxes	4,413,637	4,601,028	-	-	4,413,637	4,601,028
Interest and Investment Earnings	466,982	1,011,174	630	1,155		1,012,329
					467,612	
Other revenue	1,368,373	1,135,116	30,420	1	1,398,793	1,135,117
Total Revenues	<u>130,788,421</u>	<u>132,135,433</u>	<u>198,999</u>	<u>153,962</u>	<u>130,987,420</u>	<u>132,289,395</u>
Expenses:						
General government	18,415,249	19,126,204	-	-	18,415,249	19,126,204
Public protection	33,418,417	36,798,737	-	-	33,418,417	36,798,737
Public ways and facilities	13,898,892	10,259,722	-	-	13,898,892	10,259,722
Health and Sanitation	19,780,226	20,266,377	-	-	19,780,226	20,266,377
Public assistance	39,317,347	40,112,288	-	-	39,317,347	40,112,288
Education	669,706	678,478	-	-	669,706	678,478
Culture and recreation	315,066	340,771	-	-	315,066	340,771
Interest and fiscal charges	504,210	535,542	-	-	504,210	535,542
Health Center	-	-	30,400	-	30,400	-
Sanitation District	-	-	147,068	160,252	147,068	160,252
Total Expenses	<u>126,319,113</u>	<u>128,118,119</u>	<u>177,468</u>	<u>160,252</u>	<u>126,496,581</u>	<u>128,278,371</u>
Changes in net position	4,469,308	4,017,314	21,531	(6,290)	4,490,839	4,011,024
Net position, beginning	255,878,701	190,888,923	606,556	628,087	256,485,257	191,517,010
Prior period adjustments	35,617	-	-	-	35,617	-
Cummulative effect of change in						
Accounting Principle	(69,494,703)	-	-	-	(69,494,703)	-
Net position, ending	<u>\$ 190,888,923</u>	<u>\$ 194,906,237</u>	<u>\$ 628,087</u>	<u>\$ 621,797</u>	<u>\$ 191,517,010</u>	<u>\$ 195,528,034</u>

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

- Governmental activities had an increase of \$4,017,314 and Business-Type activities had a decrease of \$(6,290). The result was an overall increase in net assets of \$4,011,024.
- Revenues increased slightly in Property Taxes, Other Taxes and Charges for Services. There was a substantial increase in Interest & Investment Earnings, and a slight decrease in Grants and Contributions.
- There was a significant increase in expenditures for Public Protection and a slight increase in Public Assistance. Public Ways and Facilities expenses decreased significantly.

IV. FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental funds. The general government functions are included in the General, Special Revenue, Debt Service and Capital Project Funds. Included in these funds are the special districts governed by the Board of Supervisors. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and spendable resources. Such information is useful in assessing the County's financing requirements.

At June 30, 2016, the County's governmental funds reported combined ending fund balances \$62,737,444. Approximately 46.7% of this total amount, or \$29,309,444, 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, 2016, unrestricted fund balance of the General fund was \$16,539,991, while total fund balance reached \$20,038,680. As a measure of the General fund's liquidity, the unrestricted fund balance represents 59% of \$28,221,002 in total fund expenditures, and total fund balance is 71% of that same amount.

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

The Public Safety fund is used to account for all revenues and expenditures associated with public protection programs. The Public Safety fund has a total fund balance of \$8,461,357. Of this amount, \$8,356,379 is available and the balance of \$104,978 is non-spendable. The overall fund balance increased by \$3,383,813.

The Public Assistance fund is used to account for all revenues and expenditures associated with the Federal and State mandates of various Health and Welfare Codes. At June 30, 2016, the total fund balance of the Public Assistance Fund was \$2,780,671. This represents an available fund balance of \$2,705,256 and an overall increase in fund balance of \$381,769.

The Health Services fund is used to account for all revenues and expenditures associated with providing health services to County residents. At June 30, 2016 the Health Services fund had \$1,881,925 available for operations.

A Non-Major fund, the Road Fund is used to account for all revenues and expenditures associated with design, construction and maintenance of county road infrastructure. The Road fund had a fund balance of \$5,509,374. Of this amount \$5,056,662 is available and the remaining \$452,712 is non-spendable. The overall fund balance increased by \$1,945,085.

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

**Revenues Classified by Source
Governmental Funds**

Revenue Sources	FY 2015		FY 2016		Change	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
Taxes	\$ 22,176,950	17%	\$ 23,336,548	17%	\$ 1,159,598	5.23%
Licenses and Permits	2,894,436	2%	3,297,904	2%	403,468	13.94%
Fines & Forfeitures	2,229,201	2%	2,114,297	2%	(114,904)	-5.15%
Use of money & property	452,201	0%	995,396	1%	543,195	120.12%
Intergovernmental	79,159,690	61%	80,039,280	60%	879,590	1.11%
Charges for services	21,597,391	15%	22,605,770	17%	1,008,379	4.67%
Other	1,368,373	2%	1,149,290	1%	(219,083)	-16.01%
Total Revenues	<u>\$ 129,878,242</u>	<u>99%</u>	<u>\$ 133,538,485</u>	<u>100%</u>	<u>\$ 3,660,243</u>	

Significant changes for major revenue sources are explained below:

- **LICENSES & PERMITS** – There appears to be a substantial increase in license and permits, however this isn't the case. The increase is a result of not recognizing Carl Moyer program revenue in 14/15 and recognizing both prior and current fiscal year activity in 15/16.
- **USE OF MONEY & PROPERTY** – The bulk of the increase is due to reclassification of Prisoner Welfare revenue. Interest revenue also increased by 77%.
- **OTHER** – The decrease is due to reclassification of Prisoner Welfare revenue.

**Expenditures by Function
Governmental Funds**

Expenditures by Function	FY 2015		FY 2016		Change	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
General government	\$ 18,078,861	14%	\$ 19,005,813	14%	\$ 926,952	5%
Public protection	32,381,222	25%	35,498,994	27%	3,117,772	10%
Health and sanitation	19,620,372	15%	20,335,274	15%	714,902	4%
Public assistance	38,964,846	30%	40,196,891	30%	1,232,045	3%
Education	637,994	0%	671,621	1%	33,627	5%
Recreation and cultural services	258,918	0%	283,647	0%	24,729	10%
Public ways and facilities	13,301,383	10%	10,043,043	8%	(3,258,340)	-24%
Debt Service: Principal	753,100	1%	753,800	1%	700	0%
Debt Service: Interest & other	492,813	0%	540,129	0%	47,316	10%
Capital outlay	6,761,445	5%	4,763,296	4%	(1,998,149)	-30%
Total Expenditures	<u>\$ 131,250,954</u>	<u>100%</u>	<u>\$ 132,092,508</u>	<u>100%</u>	<u>\$ 841,554</u>	

This chart reflects total expenses after net transfers in/out of \$18,950,875 for all governmental funds.

Significant changes for major functions are explained below:

PUBLIC PROTECTION – the bulk of the increase was due to ongoing and increasing expenses related to the Governor's release of State felons into the local community. Costs increased significantly for the District Attorney, Sheriff, Jail Health Services, Day Reporting Center and Probation.

RECREATION – expenses at all three Veteran's Halls were higher than in the prior year. County owned Camp Tehama expenses were back to 'normal' after an investment in capital assets in 2014/15.

DEBT SERVICE: INTEREST – the rate and timing of the interest payments is dictated by the payment schedule for the 2014 Certificates of Participation.

CAPITAL OUTLAY – the decrease to capital outlay is largely due to a reduction in completed road projects and no vehicle purchases for fire in 15/16. This decrease was partially offset by increased capital assets/purchases in the Health Services Agency.

V. GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original 2015/16 budget and the final budget showed an increase in revenue of only \$451,484. The increase to the final revenue budget is net of an increase in anticipated Fines & Forfeitures and Charges for Services, and a decrease in anticipated Other Revenue.

The \$556,261 increase in the expenditure budget was net of an increase in nearly every category (except Culture & Recreation and Interest) and a decrease in General Government.

In the General fund (101), actual revenues were more than budgetary estimates by \$1,709,147. Actual expenditures were less than budgetary estimates by \$365,776 and transfers were less than budgeted by \$4,049,566. The over-realization of revenue and under-realization of expense, combined with fund balance available, provided carry over funds of \$10,192,550 which nearly funded the 16/17 General fund budget gap.

VI. CAPITAL ASSETS AND DEBT ADMINISTRATION

A. Capital Assets

The County's investment in capital assets for its governmental and business type activities as of June 30, 2016 amounts to \$209,036,746 (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 \$2,012,998 from prior year.

The County's infrastructure assets are recorded at historical cost in the government-wide financial statements as required by GASB Statement No. 34. The County has elected to use the modified approach for infrastructure to report its infrastructure, which includes its roads, signs and markings, bridges and culverts \$162,800,224. The infrastructure assets reported under the modified approach are not subject to depreciation per GASB Statement No. 34.

There were no significant changes in the assessed condition of the County's maintained road subsystem from the prior year. The assessed condition maintained by the County agreed with the County's policy to maintain at least 75 percent of its road system at fair or better condition. The assessment as of June 30, 2016 lists 78% of road conditions as fair or better, 91% of bridges are listed as fair or better, and 91% of signs pass the sign reflectivity requirements.

More detailed information about the County's Road Infrastructure assets is presented in Note 4 of the basic financial statements and the Required Supplementary Information on pages 68-70 of this report.

B. Long-Term Debt

At June 30, 2016, the County had a total long-term debt outstanding of \$18,092,993. The debt consists of \$13,864,380 in Certificates of Participation (COP), capital lease obligations of \$93,781 and bonds payable of \$378,000. Additional long-term liability include Compensated Absences of \$3,756,832, Other Postemployment Employee Benefits of \$106,079, and Pension Liability of \$67,294,860 (an increase of \$6,057,712).

More detailed information about the County's long-term liabilities and pension liabilities are presented in Note 7 pages 45-46 and Note 11 & 12 pages 52-60 of the basic financial statements respectively.

VII. ECONOMIC FACTOR'S AND NEXT YEAR'S BUDGET

The County adopted its fiscal year 2016-17 final appropriation budget in the total amount of \$151,116,263 (net of operating transfers totaling \$20,641,069). The General fund contingency was \$1,582,295.

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

The Governor's May revise was decidedly more sobering this year than the last two. California's economy is in the 7th year of expansion, two years longer than average, but without significant, sustainable job growth to soften the anticipated slow down. The Governor predicted that by FY 2019-2020, the State will face an annual shortfall of over \$4 billion.

If true, this downturn will adversely affect State funding for many essential programs. Historically, counties are required to shoulder a larger share of costs related to law enforcement and health and human services when State budgets are reduced.

In Tehama County, employer's share of employee health insurance and retirement has increased, even while salaries have remained flat. In response, all (General Fund supported) departments were required to prepare base budgets that included a 5% reduction in service and supplies.

This belt tightening follows two years which included unanticipated one-time revenues that resulted in higher than normal fund balance carryovers. These funds were generally used to replace fixed assets which had been deferred over many years, set aside funds for capital projects and meet other one-time needs.

State projections for sales tax and other revenues were positive, reducing concerns that new under-funded programs would be redirected to counties. Cautiously optimistic, Tehama County initiated or expanded multiple programs to address local priorities and needs.

For example, services to the most vulnerable were expanded (Veterans Service and Public Guardian/Public Administrator); law enforcement implemented a much needed modernization in technology and security; an investment in jobs creation was made to improve long term growth projections; and a major commitment to Code Enforcement in order to protect the community quality of life and reduce the spread of prohibited activities. In addition, new technology was purchased for conducting Elections and for the Assessor/Tax Collector/Auditor to improve efficiency and ensure long term reliability.

These worthwhile and needed programs and service expansions, along with escalations in employee costs, have resulted in increased ongoing annual expenses of \$2.5 million.

Last year, the Recommended Budget noted a cautious restoration of department budgets and staffing over the next three years as merited by current workload. This restoration of positions occurred more quickly due to pent up demand and the aforementioned expansion of programs. The FY 2015-2016 narrative cautioned that the goal of restoration may be adversely impacted by changes in revenue and increased employee costs. This admonition has been realized and the Board will need to review all discretionary programs prior to consideration of the Adopted Budget in August.

Therefore, General Fund allocations and fixed asset requests have been held for the Adopted Budget unless a documented urgent need is identified. These findings will be noted and may include loss of significant matching funds or an unacceptable impact to an essential County service.

During the last two years, fund balance carryover has been inflated by one-time factors. Recognizing that the required fund balance carryover of \$13,223,417 for FY 2016-2017 exceeds the historical range of \$8.5 million to \$9.5 million, staff is requesting the formation of a Board ad hoc to discuss possible reductions as needed prior to the submittal of the Adopted Budget on August 23, 2016. Discussions with a Board ad hoc would assist staff in setting priorities and developing recommendations for addressing countywide needs.

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

The proposed Adopted Budget is based on the same general economic assumptions as the Recommended Budget. The revised local unemployment rate of 7.8% as of June 2016 remains above the State average, and other indicators were flat. Property tax growth is anticipated at 4%, considerably higher than in the Recommended Budget, reflective of an increase in activity in the local real estate market.

After careful consideration, the Ad Hoc committee cautiously revised revenue and expenditure budgets, closer to recent end of year actuals than were proposed in the Recommended Budget. In addition, Fund Balance Carryover did exceed projections by approximately \$1 million.

The 2016-17 General Fund budget requirements were \$993,000 less than the prior year in large part due to a decrease in contributions to the Capital Outlay Fund and a relatively insignificant increase in the contribution to the Public Safety Fund. Fund balance carry over from the prior year was not sufficient to fill the budget gap. Therefore, a net draw on obligated fund balance of \$662,396 was used for designated purposes.

The Road Fund appropriations budget decreased for the second consecutive year, this time by \$3.87 million. Most of the decrease was in Professional Services (Road and Bridge projects).

The Public Safety Fund appropriations budget was increased by \$1.15 million. Some of the larger increases were seen in the Sheriff, Jail, Day Reporting Center and Probation budgets..

The slight \$387,000 Social Service budget increase was net of a decrease in Public Assistance and an increase in Administration.

The Health Service budget increased just slightly by \$230,000 overall which was net of a decrease in Mental Health appropriations, a slight increase in Jail Nursing Services and contributions to Capital Outlay Fund for Health Clinic remodel costs

The Capital Outlay budget was increased by \$2,695,000. The Library Construction budget was increased by \$1,600,000, bringing that total to \$5,600,000. The Health Clinic Re-model budget was increased by \$950,000 to \$3,950,000, and \$200,000 was added to the Capital Outlay budget for major renovations at the Juvenile Hall.

THIS PAGE INTENTIONALLY LEFT BLANK

Basic Financial Statements

- **Government-Wide Financial Statements**

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF TEHAMA
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 62,117,186	\$ 147,527	\$ 62,264,713
Cash with fiscal agent	10,139,871	-	10,139,871
Receivables:			
Accounts	930,629	-	930,629
Taxes	390,973	-	390,973
Intergovernmental	9,644,184	-	9,644,184
Due from agency funds	199,660	-	199,660
Deposits with others	60,900	-	60,900
Inventory	452,100	-	452,100
Prepaid costs	1,295,063	1,015	1,296,078
Loan receivable	147,552	-	147,552
Capital assets:			
Non-depreciable	166,121,468	38,047	166,159,515
Depreciable, net	42,056,193	821,038	42,877,231
Total capital assets	<u>208,177,661</u>	<u>859,085</u>	<u>209,036,746</u>
Total Assets	<u>293,555,779</u>	<u>1,007,627</u>	<u>294,563,406</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension adjustments	6,688,700	-	6,688,700
Total Deferred Outflows of Resources	<u>6,688,700</u>	<u>-</u>	<u>6,688,700</u>
LIABILITIES			
Accounts payable	1,893,202	1,547	1,894,749
Salaries and benefits payable	2,052,578	613	2,053,191
Due to other governments	9,365	-	9,365
Accrued interest payable	125,185	5,670	130,855
Deposits payable	294,897	-	294,897
Unearned revenues	8,740,008	-	8,740,008
Accrued claims liability	938,225	-	938,225
Net pension liability	67,294,860	-	67,294,860
Net OPEB obligation	106,079	-	106,079
Long-term liabilities:			
Due within one year	4,179,405	17,000	4,196,405
Due in more than one year	13,535,588	361,000	13,896,588
Total Liabilities	<u>99,169,392</u>	<u>385,830</u>	<u>99,555,222</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension adjustments	6,168,850	-	6,168,850
Total Deferred Inflows of Resources	<u>6,168,850</u>	<u>-</u>	<u>6,168,850</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, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
NET POSITION			
Net investment in capital assets	194,219,500	481,085	194,700,585
Restricted for:			
General government	852,667	-	852,667
Public protection	15,967,740	-	15,967,740
Health and welfare	2,963,250	-	2,963,250
Public assistance	4,177,397	-	4,177,397
Culture and recreation	979	-	979
Public ways and facilities	8,068,635	-	8,068,635
Debt service	8,067,937	-	8,067,937
Capital projects	7,219,810	-	7,219,810
Unrestricted	(46,631,678)	140,712	(46,490,966)
Total Net Position	<u>\$ 194,906,237</u>	<u>\$ 621,797</u>	<u>\$ 195,528,034</u>

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

Continued (Page 2 of 2)

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF TEHAMA
Statement of Activities
For the Year Ended June 30, 2016

<u>Functions/Programs:</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 19,126,204	\$ 15,300,908	\$ 1,138,733	\$ -
Public protection	36,798,737	3,433,581	15,850,250	-
Health and welfare	20,266,377	6,009,120	13,920,995	-
Public assistance	40,112,288	865,314	38,733,832	-
Education	678,478	8,653	-	-
Culture and recreation	340,771	22,485	40,587	-
Public ways and facilities	10,259,722	1,350,599	3,093,801	5,856,426
Interest on long-term debt	535,542	-	-	-
Total Governmental Activities	<u>128,118,119</u>	<u>26,990,660</u>	<u>72,778,198</u>	<u>5,856,426</u>
Business-type activities:				
Health Center	-	-	-	-
Tehama County Sanitation District #1	160,252	152,806	-	-
Total Business-Type Activities	<u>160,252</u>	<u>152,806</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 128,278,371</u>	<u>\$ 27,143,466</u>	<u>\$ 72,778,198</u>	<u>\$ 5,856,426</u>

General revenues:

Taxes:

 Property taxes

 Sales and use taxes

 Franchise taxes

 Other taxes

Interest and investment earnings

Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning

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	Total
\$ (2,686,563)	\$ -	\$ (2,686,563)
(17,514,906)	-	(17,514,906)
(336,262)	-	(336,262)
(513,142)	-	(513,142)
(669,825)	-	(669,825)
(277,699)	-	(277,699)
41,104	-	41,104
(535,542)	-	(535,542)
<u>(22,492,835)</u>	<u>-</u>	<u>(22,492,835)</u>
-	-	-
<u>-</u>	<u>(7,446)</u>	<u>(7,446)</u>
-	(7,446)	(7,446)
<u>(22,492,835)</u>	<u>(7,446)</u>	<u>(22,500,281)</u>
19,762,831	-	19,762,831
3,049,041	-	3,049,041
1,027,311	-	1,027,311
524,676	-	524,676
1,011,174	1,155	1,012,329
1,135,116	1	1,135,117
<u>26,510,149</u>	<u>1,156</u>	<u>26,511,305</u>
4,017,314	(6,290)	4,011,024
<u>190,888,923</u>	<u>628,087</u>	<u>191,517,010</u>
<u>\$ 194,906,237</u>	<u>\$ 621,797</u>	<u>\$ 195,528,034</u>

THIS PAGE INTENTIONALLY LEFT BLANK

Basic Financial Statements

- **Fund Financial Statements**

THIS PAGE INTENTIONALLY LEFT BLANK

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF TEHAMA
Balance Sheet
Governmental Funds
June 30, 2016

	<u>General Fund</u>	<u>Public Safety</u>	<u>Public Assistance</u>	<u>Health Services</u>
ASSETS				
Cash and investments	\$ 15,554,856	\$ 8,694,313	\$ 9,813,894	\$ 2,804,227
Cash with fiscal agent	-	-	-	-
Receivables:				
Accounts	367,657	192,456	-	253,119
Taxes	390,973	-	-	-
Intergovernmental	1,001,739	821,609	2,474,614	4,839,292
Due from other funds	3,724,364	-	-	-
Advances to other funds	1,343,128	-	-	26,535
Prepaid costs	1,086,652	104,978	75,415	14,777
Inventory	-	-	-	-
Loans receivable	147,552	-	-	-
Total Assets	<u>\$ 23,616,921</u>	<u>\$ 9,813,356</u>	<u>\$ 12,363,923</u>	<u>\$ 7,937,950</u>
LIABILITIES				
Accounts payable	\$ 157,192	\$ 239,256	\$ 23,340	\$ 741,672
Salaries and benefits payable	385,024	629,400	413,313	353,240
Due to other governments	167	2,250	-	-
Deposits payable	65,961	84,443	-	-
Unearned revenues	788,159	53,742	7,891,723	-
Due to other funds	-	-	-	3,724,364
Advances from other funds	1,180,000	-	-	3
Total Liabilities	<u>2,576,503</u>	<u>1,009,091</u>	<u>8,328,376</u>	<u>4,819,279</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	1,001,738	342,908	1,254,876	3,948,004
Total Deferred Inflows of Resources	<u>1,001,738</u>	<u>342,908</u>	<u>1,254,876</u>	<u>3,948,004</u>
FUND BALANCES				
Nonspendable	1,397,332	104,978	75,415	41,309
Restricted	2,101,357	8,356,379	2,470,983	1,881,925
Committed	5,426,672	-	-	-
Assigned	2,194,117	-	234,273	-
Unassigned	8,919,202	-	-	(2,752,567)
Total Fund Balances	<u>20,038,680</u>	<u>8,461,357</u>	<u>2,780,671</u>	<u>(829,333)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 23,616,921</u>	<u>\$ 9,813,356</u>	<u>\$ 12,363,923</u>	<u>\$ 7,937,950</u>

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

Other Governmental Funds	Total
\$ 22,614,948	\$ 59,482,238
10,139,871	10,139,871
117,397	930,629
-	390,973
506,930	9,644,184
-	3,724,364
10,000	1,379,663
6,034	1,287,856
452,100	452,100
-	147,552
<u>\$ 33,847,280</u>	<u>\$ 87,579,430</u>
\$ 665,035	\$ 1,826,495
252,956	2,033,933
6,948	9,365
144,493	294,897
6,384	8,740,008
-	3,724,364
-	1,180,003
<u>1,075,816</u>	<u>17,809,065</u>
<u>485,395</u>	<u>7,032,921</u>
<u>485,395</u>	<u>7,032,921</u>
468,134	2,087,168
16,530,188	31,340,832
15,287,747	20,714,419
-	2,428,390
-	6,166,635
<u>32,286,069</u>	<u>62,737,444</u>
<u>\$ 33,847,280</u>	<u>\$ 87,579,430</u>

COUNTY OF TEHAMA
Reconciliation of the Governmental Funds Balance
Sheet to the Government-Wide Statement of
Net Position - Governmental Activities
June 30, 2016

Total Fund Balance - Total Governmental Funds	\$ 62,737,444
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 sheets.	208,176,661
Other long term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the governmental funds.	7,032,921
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.	(125,185)
Deferred outflows of resources related to pensions are not reported in the governmental funds.	6,634,861
Deferred inflows of resources related to pensions are not reported in the governmental funds.	(6,115,503)
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 \$674,380	(13,864,380)
Capital leases payable	(93,781)
Compensated absences	(3,746,132)
Net pension liability	(66,768,532)
Net OPEB obligation	(104,182)
Internal service funds are used by management to charge the cost of certain activities, such as insurance and equipment maintenance and operations, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.	1,142,045
Net Position of Governmental Activities	\$ 194,906,237

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

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF TEHAMA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	<u>General Fund</u>	<u>Public Safety</u>	<u>Public Assistance</u>	<u>Health Services</u>
REVENUES				
Taxes and assessments	\$ 18,653,920	\$ -	\$ -	\$ -
Licenses and permits	1,527,207	4,432	-	-
Fines and forfeitures	1,793,990	43,222	(484)	14,038
Use of money and property	355,233	356,977	8,880	9,858
Intergovernmental	3,235,757	13,671,311	36,176,130	12,973,976
Charges for services	15,426,008	618,085	165,744	4,542,388
Other revenues	508,327	231,523	118,331	54,395
Total Revenues	<u>41,500,442</u>	<u>14,925,550</u>	<u>36,468,601</u>	<u>17,594,655</u>
EXPENDITURES				
Current:				
General government	18,844,930	-	-	-
Public protection	5,283,182	24,712,151	-	-
Health and welfare	950,277	-	-	18,510,131
Public assistance	1,475,144	-	36,642,223	-
Education	671,621	-	-	-
Culture and recreation	283,647	-	-	-
Public ways and facilities	2,283	-	-	-
Debt service:				
Principal	-	-	-	28,800
Interest and other charges	16,183	-	-	4,898
Capital outlay	693,735	605,488	193,141	606,765
Total Expenditures	<u>28,221,002</u>	<u>25,317,639</u>	<u>36,835,364</u>	<u>19,150,594</u>
Excess of Revenues Over (Under) Expenditures	<u>13,279,440</u>	<u>(10,392,089)</u>	<u>(366,763)</u>	<u>(1,555,939)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	13,775,902	748,532	98,648
Transfers out	(17,285,243)	-	-	(367,900)
Debt proceeds	-	-	-	93,934
Total Other Financing Sources (Uses)	<u>(17,285,243)</u>	<u>13,775,902</u>	<u>748,532</u>	<u>(175,318)</u>
Net Change in Fund Balances	(4,005,803)	3,383,813	381,769	(1,731,257)
Fund Balances - Beginning	24,044,483	5,077,544	2,398,902	901,924
Change in inventory on purchases method	-	-	-	-
Fund Balances - Ending	<u>\$ 20,038,680</u>	<u>\$ 8,461,357</u>	<u>\$ 2,780,671</u>	<u>\$ (829,333)</u>

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

Other Governmental Funds	Total
\$ 4,682,628	\$ 23,336,548
1,766,265	3,297,904
263,531	2,114,297
264,448	995,396
13,982,106	80,039,280
1,853,545	22,605,770
236,714	1,149,290
<u>23,049,237</u>	<u>133,538,485</u>
160,883	19,005,813
5,503,661	35,498,994
874,866	20,335,274
2,079,524	40,196,891
-	671,621
-	283,647
10,040,760	10,043,043
725,000	753,800
519,048	540,129
2,664,167	4,763,296
<u>22,567,909</u>	<u>132,092,508</u>
<u>481,328</u>	<u>1,445,977</u>
4,327,793	18,950,875
(1,297,732)	(18,950,875)
-	93,934
<u>3,030,061</u>	<u>93,934</u>
3,511,389	1,539,911
28,858,807	61,281,660
<u>(84,127)</u>	<u>(84,127)</u>
<u>\$ 32,286,069</u>	<u>\$ 62,737,444</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, 2016

Net Change in Fund Balances - Total Governmental Funds	\$ 1,539,911
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	4,763,296
Less current year depreciation	(2,700,306)
Various adjustments affecting capital assets (including contributions)	4,741
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 not significant proceeds from the sale of capital assets.	
	(14,174)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal retirements	753,800
Proceeds from issuance of debt	(93,934)
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	(1,409,397)
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.	
	(84,127)
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 pensions	6,634,861
Change in deferred inflows of resources related to pensions	(4,538,312)
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	4,587
Change in compensated absences payable	(110,999)
Amortization of premium	29,320
Change in net pension liability	(119,172)
Change in net OPEB obligation	(68,136)
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.	
	(574,645)
Change in Net Position of Governmental Activities	\$ 4,017,314

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, 2016

	Business-Type Activities		Governmental
	Enterprise Funds		Activities
	Other		Internal
	Enterprise		Service
	Funds	Totals	Funds
ASSETS			
Current Assets:			
Cash and investments	\$ 147,527	\$ 147,527	\$ 2,634,948
Deposits with others	-	-	60,900
Prepaid costs	1,015	1,015	7,207
Total Current Assets	148,542	148,542	2,703,055
Noncurrent Assets:			
Capital assets:			
Non-depreciable	38,047	38,047	-
Depreciable, net	821,038	821,038	1,000
Total capital assets	859,085	859,085	1,000
Total Noncurrent Assets	859,085	859,085	1,000
Total Assets	1,007,627	1,007,627	2,704,055
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension adjustments	-	-	53,839
Total Deferred Outflows of Resources	-	-	53,839
LIABILITIES			
Current Liabilities:			
Accounts payable	1,547	1,547	66,707
Salaries and benefits payable	613	613	18,645
Accrued interest payable	5,670	5,670	-
Compensated absences payable	-	-	9,630
Bonds payable	17,000	17,000	-
Estimated claims liability	-	-	938,225
Total Current Liabilities	24,830	24,830	1,033,207
Noncurrent Liabilities:			
Compensated absences payable	-	-	1,070
Bonds payable	361,000	361,000	-
Net pension liability	-	-	526,328
Net OPEB obligation	-	-	1,897
Total Noncurrent Liabilities	361,000	361,000	529,295
Total Liabilities	385,830	385,830	1,562,502

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, 2016

	Business-Type Activities		Governmental
	Enterprise Funds		Activities
	Other		Internal
	Enterprise		Service
	Funds	Totals	Funds
DEFERRED INFLOWS OF RESOURCES			
Deferred pension adjustments	-	-	53,347
Total Deferred Inflows of Resources	-	-	53,347
NET POSITION			
Net investment in capital assets	481,085	481,085	1,000
Unrestricted	140,712	140,712	1,141,045
Total Net Position	\$ 621,797	\$ 621,797	\$ 1,142,045

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, 2016

	Business-Type Activities Enterprise Funds		Governmental Activities
	Other Enterprise Funds	Totals	Internal Service Funds
OPERATING REVENUES			
Charges for services	\$ 152,806	\$ 152,806	\$ 3,802,048
Other revenues	1	1	84,329
Total Operating Revenues	<u>152,807</u>	<u>152,807</u>	<u>3,886,377</u>
OPERATING EXPENSES			
Salaries and benefits	17,526	17,526	482,833
Services and supplies	80,792	80,792	-
Administration	-	-	198,043
Insurance	-	-	761,592
Professional services	5,256	5,256	135,538
Claims and judgments	-	-	2,897,794
Depreciation	39,560	39,560	1,000
Total Operating Expenses	<u>143,134</u>	<u>143,134</u>	<u>4,476,800</u>
Operating Income (Loss)	<u>9,673</u>	<u>9,673</u>	<u>(590,423)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest income	1,155	1,155	15,778
Interest expense	(17,118)	(17,118)	-
Total Non-Operating Revenues (Expenses)	<u>(15,963)</u>	<u>(15,963)</u>	<u>15,778</u>
Change in Net Position	(6,290)	(6,290)	(574,645)
Total Net Position - Beginning	<u>628,087</u>	<u>628,087</u>	<u>1,716,690</u>
Total Net Position - Ending	<u>\$ 621,797</u>	<u>\$ 621,797</u>	<u>\$ 1,142,045</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, 2016

	Business-Type Activities Enterprise Funds		Governmental Activities
	Other Enterprise Funds	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 153,681	\$ 153,681	\$ 3,886,377
Payments to suppliers	(86,966)	(86,966)	(3,852,754)
Payments to employees	(16,913)	(16,913)	(505,583)
Net Cash Provided (Used) by Operating Activities	<u>49,802</u>	<u>49,802</u>	<u>(471,960)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on capital debt	(16,000)	(16,000)	-
Interest paid on capital debt	(17,359)	(17,359)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(33,359)</u>	<u>(33,359)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	1,155	1,155	15,778
Net Cash Provided (Used) by Investing Activities	<u>1,155</u>	<u>1,155</u>	<u>15,778</u>
Net Increase (Decrease) in Cash and Cash Equivalents	17,598	17,598	(456,182)
Balances - Beginning	<u>129,929</u>	<u>129,929</u>	<u>3,091,130</u>
Balances - Ending	<u>\$ 147,527</u>	<u>\$ 147,527</u>	<u>\$ 2,634,948</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, 2016

	Business-Type Activities		Governmental
	Enterprise Funds		Activities
	Other		Internal
	Enterprise		Service
	Funds	Totals	Funds
RECONCILIATION OF OPERATING INCOME (LOSS)			
TO NET CASH PROVIDED (USED) BY OPERATING			
ACTIVITIES			
Operating income (loss)	\$ 9,673	\$ 9,673	\$ (590,423)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	39,560	39,560	1,000
Decrease (increase) in:			
Accounts receivable	874	874	-
Prepaid costs	(1,015)	(1,015)	(7,207)
Pension adjustments - deferred outflows of resources	-	-	(7,542)
Increase (decrease) in:			
Accounts payable	97	97	18,745
Salaries and benefits payable	613	613	284
Compensated absences payable	-	-	1,129
Estimated claims liability	-	-	128,675
Pension adjustments - deferred inflows of resources	-	-	(65,879)
Net pension liability	-	-	49,258
Net Cash Provided (Used) by Operating Activities	\$ 49,802	\$ 49,802	\$ (471,960)

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, 2016

	Investment Trust Funds	Agency Funds
ASSETS		
Cash and investments	\$ 59,742,092	\$ 18,252,491
Receivables:		
Taxes	-	6,231,918
	<u> </u>	<u> </u>
Total Assets	<u>59,742,092</u>	<u>24,484,409</u>
LIABILITIES		
Advances from other funds	-	199,660
Agency obligations	-	24,284,749
	<u> </u>	<u> </u>
Total Liabilities	<u>-</u>	<u>24,484,409</u>
NET POSITION		
Net position held in trust for investment pool participants	<u>59,742,092</u>	<u>-</u>
	<u> </u>	<u> </u>
Total Net Position	<u><u>\$ 59,742,092</u></u>	<u><u>\$ -</u></u>

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, 2016

	<u>Investment Trust Funds</u>
ADDITIONS	
Contributions:	
Contributions to investment pool	<u>\$13,115,485</u>
Total Additions	<u>13,115,485</u>
DEDUCTIONS	
Distributions from investment pool	<u>4,163,652</u>
Total Deductions	<u>4,163,652</u>
Change in Net Position	8,951,833
Net Position - Beginning	<u>50,790,259</u>
Net Position - Ending	<u><u>\$59,742,092</u></u>

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

THIS PAGE INTENTIONALLY LEFT BLANK

Basic Financial Statements

- **Notes to Basic Financial Statements**

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

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, P.O. Box 669, 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, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Blended Component Units (Continued)

Enterprise Funds:

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

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

Discretely Presented Component Units

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

Joint Agencies

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

B. Basis of Presentation

Government-Wide Financial Statements

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

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.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

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 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.
- 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.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

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:

- Agency funds account for the receipt and disbursement of various taxes, deposits, deductions, and property collected by the County, acting in the capacity of an agent for distribution to other governmental units or other organizations. The agency funds maintained by the County are presented in one component.

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

C. Basis of Accounting and Measurement Focus

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

Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting and Measurement Focus (Continued)

Fiduciary funds include trust funds and agency funds. All 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 Local Agency Investment Fund, an external pool, are reported at amortized cost which approximates fair value, and the fair value of all other investments are obtained by using quotations obtained from independent published sources or by the safekeeping institution. The fair value represents the amount the County could reasonably expect to receive for an investment in a current sale between a willing buyer and seller.

Participant's equity in the investment pool is determined by the dollar amount of participant deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Interest payments, accrued interest, accreted discounts, amortized premiums, and realized capital gains and losses, net of administrative fees, are apportioned to pool participants every quarter. This method differs from the fair value method used to value investments in these financial statements as unrealized gains or losses are not apportioned to pool participants. During the fiscal year ended June 30, 2016, the County Treasurer has not entered into any legally binding guarantees to support the value of participant equity in the investment pool.

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.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables

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

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. Unconsumed inventories in governmental funds are equally offset by nonspendable fund balance to indicate that portion of fund balance is not in spendable form. Proprietary fund inventories are recorded as expenses at the time the inventory is consumed.

Prepaid Items

Payments made for services that will benefit periods beyond June 30, 2016 are recorded as prepaid items under both the accrual and modified accrual basis of accounting. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

I. Loan Receivable

The County provided an advance of funds to the 30th District Agricultural Association (Association), in the amount of \$165,162 to pay off an existing financial obligation relating to the PVII project, obtain clear title to photovoltaic equipment, and resolve the PNC Equipment Finance, LLC litigation. The advance was made on April 1, 2015 and accrues interest at 2% and will be repaid with interest in equal monthly installments over a period of ten (10) years. The balance at June 30, 2016 was \$147,552.

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 estimated fair market 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, 2016

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 life 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, 2016

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

The County is legally required to maintain a minimum balance of 1 percent of the annual taxes levied on properties participating in the Teeter Plan. The balance in the TLRF was \$1,056,462 at June 30, 2016. The County’s management believes that any ownership rights to the TLRF the County may have are effective only upon a Board approved transfer or to the extent of losses related to the sale of tax defaulted property. Amounts in the TLRF are considered to be held in a custodial capacity for the participants in the County’s Teeter Plan and accounted for in an agency fund.

L. Interfund Transactions

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

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

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

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

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

M. Unearned Revenues

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

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Compensated Absences

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

O. Pensions

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

P. Deferred Outflows/Inflows of Resources

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

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.

Q. 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.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Statement No. 72, Fair Value Measurement and Application. This statement addresses accounting and financial reporting issues related to fair value measurements. This statement provides guidance for determining a fair value measurement and for applying fair value to certain investments and disclosures related to all fair value measurements.

Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This statement establishes requirements for defined benefit pensions and defined contribution pensions that are not within the scope of Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions.

Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction is not specified within a source of authoritative GAAP.

Statement No. 79, Certain External Investment Pools and Pool Participants. This statement establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. 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, 2016, 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 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.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

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

The County sponsored investment pool includes both internal and external participants. The portion of the pool attributable to external pool participants, which are considered involuntary participants, are included in the primary government as an Investment Trust Fund which does not have separate financial reports. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer. The net position value of involuntary participation in the investment pool totaled \$59,742,092 at June 30, 2016.

A. Financial Statement Presentation

As of June 30, 2016, the County's cash and investments are reported in the financial statements as follows:

Primary government	\$ 72,404,584
Investment trust funds	59,742,092
Agency funds	<u>18,252,491</u>
Total Cash	<u>\$ 150,399,167</u>

As of June 30, 2016, the County's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 27,573
Deposits (less outstanding checks)	<u>8,356,120</u>
Total Cash in County Pool	8,383,693
Deposits with fiscal agents	<u>10,139,792</u>
Total Cash	<u>18,523,485</u>
Investments:	
In Treasurer's Pool	<u>131,875,682</u>
Total Investments	<u>131,875,682</u>
Total Cash and Investments	<u>\$ 150,399,167</u>

B. Cash

At year end, the carrying amount of the County's cash deposits (including amount in checking accounts, money market accounts, and deposits with fiscal agents) was \$18,495,912 and the bank balance was \$21,091,434. 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 \$27,573.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

B. Cash (Continued)

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 more than the \$250,000 insured amount are collateralized.

C. Investments

Pursuant to Section 53646 of the Government Code, the County prepares an investment policy annually and presents it to the Board of Supervisors for review and approval.

The investment policy provides the basis for the management of a prudent, conservative investment program. Funds are invested to provide the maximum security of principal with secondary emphasis on achieving the highest return, while meeting daily cash flow needs. All investments are made in accordance with the Government Code and, in general, the investment policy is more restrictive than state law.

Under the provisions of the County's investment policy the County may invest or deposit in the following:

- Local Agency Investment Fund (LAIF)
- Sweep Account
- U.S. Treasury Notes
- Securities Issued by U.S. Government Agencies and Instrumentalities
- Bankers' Acceptances
- Commercial Paper
- Negotiable CD's and Bank Notes
- Medium Term Notes
- Money Market Mutual Funds
- Mortgage Pass-Through Securities
- Guaranteed Investment Contracts
- Repurchase Agreements
- California Asset Management Program (CAMP)
- California State Registered Warrants

Fair Value Measurements - 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.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

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

At June 30, 2016, 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	\$ 1,003,851	\$ 1,003,851	\$ -	\$ -
Government Agencies	65,887,063	65,887,063	-	-
Corporate Notes	23,294,757	23,294,757	-	-
Certificates of Deposit	15,690,011	-	-	15,690,011
Total Investments Measured at Fair Value	105,875,682	<u>\$ 90,185,671</u>	<u>\$ -</u>	<u>\$15,690,011</u>
Investments in External Investment Pool				
Local Agency Investment Fund (LAIF)	<u>26,000,000</u>			
Total Investments	<u>\$ 131,875,682</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, 2016, 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		\$ -	\$ 1,003,851	\$ 1,003,851	0.07
Government Agencies	0.50-5.25%	12,033,084	53,853,979	65,887,063	2.44
Corporate Notes	0.70-5.55%	3,782,064	19,512,693	23,294,757	1.82
Negotiable CD's	0.40-2.00%	2,716,000	12,974,011	15,690,011	3.09
Local Agency Investment Fund (LAIF)	Variable	<u>26,000,000</u>	-	<u>26,000,000</u>	-
Total Investments		<u>\$ 44,531,148</u>	<u>\$87,344,534</u>	<u>\$131,875,682</u>	<u>1.92</u>

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

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

Investment Type	Minimum Legal Rating	Standard & Poor's Rating	Moody's Rating	% of Portfolio
U.S. Treasury Notes	N/A	AA+	AAA	0.76%
Federal Farm Credit Bank	N/A	AA+	AAA	6.85%
Federal Home Loan Mortgage Corp	N/A	AA+	AAA	16.50%
Federal Home Loan Bank	N/A	AA+	AAA	13.70%
Federal National Mortgage Assoc.	N/A	AA+	AAA	12.91%
Corporate Notes	A	A	A1	2.32%
Corporate Notes	A	A+	A1	1.15%
Corporate Notes	A	AA	A1	1.49%
Corporate Notes	A	AA-	A1	0.65%
Corporate Notes	A	AA+	A1	0.36%
Corporate Notes	A	A	A2	2.85%
Corporate Notes	A	A-	A2	1.38%
Corporate Notes	A	A-	A3	0.76%
Corporate Notes	A	AAA	A3	0.80%
Corporate Notes	A	BBB+	A3	1.16%
Corporate Notes	A	AA+	AA1	0.61%
Corporate Notes	A	AA	AA2	0.78%
Corporate Notes	A	AA-	AA2	0.85%
Corporate Notes	A	AA-	AA3	1.46%
Corporate Notes	A	AA+	AAA	0.76%
Corporate Notes	A	BBB+	Baa1	0.28%
Negotiable CD's	N/A	Unrated	Unrated	11.90%
LAIF	N/A	Unrated	Unrated	19.72%
Total				<u>100.00%</u>

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

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

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, 2016, 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	\$ 9,038,719	6.85%
Federal Home Loan Mortgage Corporation	21,764,337	16.50%
Federal Home Loan Bank	18,064,432	13.70%
Federal National Mortgage Association	17,019,576	12.91%

D. Investment in External Investment Pools

The County of Tehama maintains an investment in the State of California Local Agency Investment Fund (LAIF), managed by the State Treasurer. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. At June 30, 2016, the County's investment in LAIF valued at amortized cost was \$26,000,000 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 \$75.4 billion. Of that amount, 97.19 percent is invested in non-derivative financial products and 2.81 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, 2016:

	<u>Internal Participants</u>	<u>External Participants</u>	<u>Total Pool</u>
Statement of Net Position			
Cash on hand	\$ 27,573	\$ -	\$ 27,573
Deposits (less outstanding warrants)	8,356,120	-	8,356,120
Investments	<u>72,133,590</u>	<u>59,742,092</u>	<u>131,875,682</u>
Net Position at June 30, 2016	<u>\$ 80,517,283</u>	<u>\$ 59,742,092</u>	<u>\$ 140,259,375</u>
Statement of Changes in Net Position			
Net position at July 1, 2015	\$ 78,948,255	\$ 50,790,259	\$ 129,738,514
Net changes in investments by pool participants	<u>1,569,028</u>	<u>8,951,833</u>	<u>10,520,861</u>
Net Position at June 30, 2016	<u>\$ 80,517,283</u>	<u>\$ 59,742,092</u>	<u>\$ 140,259,375</u>

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 4: CAPITAL ASSETS

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

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers/ Adjustments</u>	<u>Balance</u> <u>June 30, 2016</u>
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,627,386	\$ -	\$ -	\$ -	\$ 1,627,386
Infrastructure	162,011,493	788,731	-	-	162,800,224
Construction in progress	<u>928,928</u>	<u>1,571,848</u>	-	<u>(806,918)</u>	<u>1,693,858</u>
Total Capital Assets, Not Being Depreciated	<u>164,567,807</u>	<u>2,360,579</u>	-	<u>(806,918)</u>	<u>166,121,468</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	54,981,466	551,568	-	806,918	56,339,952
Equipment	28,941,366	1,265,187	<u>(1,399,569)</u>	-	28,806,984
Software	<u>1,024,430</u>	<u>590,703</u>	<u>734</u>	-	<u>1,615,867</u>
Total Capital Assets, Being Depreciated	<u>84,947,262</u>	<u>2,407,458</u>	<u>(1,398,835)</u>	<u>806,918</u>	<u>86,762,803</u>
Less Accumulated Depreciation For:					
Buildings and improvements	<u>(18,062,507)</u>	<u>(1,046,746)</u>	<u>(3,765)</u>	-	<u>(19,113,018)</u>
Equipment	<u>(24,713,362)</u>	<u>(1,495,903)</u>	<u>1,388,426</u>	-	<u>(24,820,839)</u>
Software	<u>(614,096)</u>	<u>(158,657)</u>	-	-	<u>(772,753)</u>
Total Accumulated Depreciation	<u>(43,389,965)</u>	<u>(2,701,306)</u>	<u>1,384,661</u>	-	<u>(44,706,610)</u>
Total Capital Assets, Being Depreciated, Net	<u>41,557,297</u>	<u>(293,848)</u>	<u>(14,174)</u>	<u>806,918</u>	<u>42,056,193</u>
Governmental Activities Capital Assets, Net	<u>\$ 206,125,104</u>	<u>\$ 2,066,731</u>	<u>(\$ 14,174)</u>	<u>\$ -</u>	<u>\$208,177,661</u>
	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2016</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>38,047</u>	
Capital Assets, Being Depreciated:					
Structures and improvements	<u>1,690,182</u>	-	-	<u>1,690,182</u>	
Total Capital Assets, Being Depreciated	<u>1,690,182</u>	-	-	<u>1,690,182</u>	
Less Accumulated Depreciation For:					
Structures and improvements	<u>(829,585)</u>	<u>(39,560)</u>	<u>1</u>	<u>(869,144)</u>	
Total Accumulated Depreciation	<u>(829,585)</u>	<u>(39,560)</u>	<u>1</u>	<u>(869,144)</u>	
Total Capital Assets, Being Depreciated, Net	<u>860,597</u>	<u>(39,560)</u>	<u>1</u>	<u>821,038</u>	
Business-Type Activities Capital Assets, Net	<u>\$ 898,644</u>	<u>(\$ 39,560)</u>	<u>\$ 1</u>	<u>\$ 859,085</u>	

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 4: CAPITAL ASSETS (CONTINUED)

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$	374,451
Public protection		1,267,344
Health and welfare		289,870
Public assistance		375,758
Education		26,354
Culture and recreation		56,891
Public ways and facilities		<u>309,638</u>
Subtotal Governmental Funds		2,700,306
Depreciation on capital assets held by the County's internal service funds are charged to various functions based on their usage of the assets		<u>1,000</u>
Total Depreciation Expense - Governmental Functions	\$	<u><u>2,701,306</u></u>

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

Tehama County Sanitation District #1	\$	<u>39,560</u>
Total Depreciation Expense – Business-Type Functions	\$	<u><u>39,560</u></u>

Construction in Progress

Construction in progress for governmental activities at June 30, 2016 relates to work performed on various County projects.

NOTE 5: INTERFUND TRANSACTIONS

Due To/From Other Funds

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds. The following are due from and due to balances as of June 30, 2016:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General fund	\$ 3,724,364	\$ -
Health Services	<u>-</u>	<u>3,724,364</u>
Total	<u><u>\$ 3,724,364</u></u>	<u><u>\$ 3,724,364</u></u>

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 5: INTERFUND TRANSACTIONS (CONTINUED)

Advances To/From Other Funds

Advances to/from other funds are non-current interfund loans and are offset by a nonspendable fund balance account in applicable governmental funds to indicate they are not in spendable form. The following are advance to/from other funds as of June 30, 2016:

	Advances To <u>Other Funds</u>	Advances From <u>Other Funds</u>
General fund	\$ 1,343,128	\$ 1,180,000
Public Assistance	-	-
Health Services	26,535	3
Other Governmental Funds	10,000	-
Agency Funds	<u>-</u>	<u>199,660</u>
Total	<u>\$ 1,379,663</u>	<u>\$ 1,379,663</u>

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, reimbursement of various County operations and re-allocations of special revenues. The following are the interfund transfer balances as of June 30, 2016:

	Transfer <u>In</u>	Transfer <u>Out</u>
General fund	\$ -	\$ 17,285,243
Public Safety	13,775,902	-
Public Assistance	748,532	-
Health Services	98,648	367,900
Debt Service	<u>4,327,793</u>	<u>1,297,732</u>
Total	<u>\$ 18,950,875</u>	<u>\$ 18,950,875</u>

NOTE 6: UNEARNED REVENUES

At June 30, 2016, components of unearned revenues were as follows:

	<u>Unearned</u>
General fund	
2016/2017 payment in lieu of taxes revenues in advance	\$ 691,910
Other revenues received but not earned	96,249
Public Safety	
2016/2017 DEA revenues received in advanced	50,000
Other revenues received but not earned	3,742
Public Assistance	
Social services revenues received but not earned	7,891,723
Non Major Governmental Funds	
Building and safety revenues received but not earned	<u>6,384</u>
Total	<u>\$ 8,740,008</u>

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 7: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2016:

Type of Indebtedness	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016	Amounts Due Within One Year
Governmental Activities					
Certificates of Participation	\$ 13,915,000	\$ -	(\$ 725,000)	\$ 13,190,000	\$ 740,000
Unamortized Premium	<u>703,700</u>	<u>-</u>	<u>(29,320)</u>	<u>674,380</u>	<u>29,321</u>
Certificates of Participation, net	14,618,700	-	(754,320)	13,864,380	769,321
Capital Leases Payable	28,647	93,934	(28,800)	93,781	28,935
Compensated Absences	<u>3,644,704</u>	<u>3,327,983</u>	<u>(3,215,855)</u>	<u>3,756,832</u>	<u>3,381,149</u>
Total Governmental Activities	<u>\$ 18,292,051</u>	<u>\$ 3,421,917</u>	<u>(\$ 3,998,975)</u>	<u>\$ 17,714,993</u>	<u>\$ 4,179,405</u>
Business-Type Activities					
Bonds	<u>\$ 394,000</u>	<u>\$ -</u>	<u>(\$ 16,000)</u>	<u>\$ 378,000</u>	<u>\$ 17,000</u>
Total Business-Type Activities	<u>\$ 394,000</u>	<u>\$ -</u>	<u>(\$ 16,000)</u>	<u>\$ 378,000</u>	<u>\$ 17,000</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, 2016, are as follows:

Governmental Activities

Certificates of Participation:

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

Total Certificates of Participation

Total Governmental Activities

\$ 13,190,000

13,190,000

\$ 13,190,000

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

Business-Type Activities

Bonds:

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

	<u>\$ 378,000</u>
Total Bonds	<u>378,000</u>
Total Business-Type Activities	<u><u>\$ 378,000</u></u>

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

<u>Year Ended</u> <u>June 30</u>	<u>Certificates of Participation</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 740,000	\$ 500,738	\$ 1,240,738
2018	760,000	478,238	1,238,238
2019	780,000	451,238	1,231,238
2020	820,000	419,238	1,239,238
2021	855,000	381,463	1,236,463
2022-2026	4,090,000	1,341,375	5,431,375
2027-2031	2,005,000	802,006	2,807,006
2032-2036	1,840,000	468,300	2,308,300
2037-2039	1,300,000	84,363	1,384,363
Total	<u>\$ 13,190,000</u>	<u>\$ 4,926,959</u>	<u>\$ 18,116,959</u>

Business-Type Activities

<u>Year Ended</u> <u>June 30</u>	<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 17,000	\$ 16,628	\$ 33,628
2018	17,500	15,851	33,351
2019	18,500	15,041	33,541
2020	19,500	14,186	33,686
2021	20,000	13,298	33,298
2022-2026	113,500	51,986	165,486
2027-2031	140,500	23,389	163,889
2032-2034	31,500	1,159	32,659
Total	<u>\$ 378,000</u>	<u>\$ 151,538</u>	<u>\$ 529,538</u>

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 8: LEASES

Operating Leases

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

Capital Leases

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

	<u>Stated Interest Rate</u>	<u>Present Value of Remaining Payments at June 30, 2016</u>
Governmental activities	5.25-5.45%	\$ 93,781
Total		<u>\$ 93,781</u>

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

	<u>Governmental Activities</u>
Equipment	\$ 142,130
Less: accumulated depreciation	(43,621)
Net Value	<u>\$ 98,509</u>

As of June 30, 2016, capital lease annual amortization was as follows:

<u>Year Ending June 30:</u>	<u>Governmental Activities</u>
2017	\$ 31,038
2018	32,306
2019	32,306
2020	<u>6,534</u>
Total Requirements	102,184
Less Interest	(8,403)
Present Value of Remaining Payments	<u>\$ 93,781</u>

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 9: NET POSITION

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

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

Net Position Flow Assumption

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

Net Position Restricted by Enabling Legislation

The government-wide Statement of Net Position reports \$47,318,415 of restricted net position, of which \$XXX is restricted by enabling legislation.

NOTE 10: FUND BALANCES

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2016, fund balance for governmental funds is made up of the following:

- **Nonspendable fund balance** - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.
- **Restricted fund balance** - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed or lifted with the consent of resource providers.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 10: FUND BALANCES (CONTINUED)

- **Committed fund balance** - amounts that can only be used for the specific purposes determined by formal action of the County's highest level of decision-making authority. The Board of Supervisors is the highest level of decision making authority for the County that can, by adoption of an ordinance commit fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

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

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

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 10: FUND BALANCES (CONTINUED)

The fund balances for all major and nonmajor governmental funds as of June 30, 2016, were distributed as follows:

	General Fund	Public Safety	Public Assistance	Health Services	Other Govern- mental Funds	Total
Nonspendable:						
Advances to other funds - net	\$ 163,128	\$ -	\$ -	\$ 26,532	\$ 10,000	\$ 199,660
Prepaid costs	1,086,652	104,978	75,415	14,777	6,034	1,287,856
Inventory	-	-	-	-	452,100	452,100
Loans receivable	<u>147,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>147,552</u>
Subtotal	<u>1,397,332</u>	<u>104,978</u>	<u>75,415</u>	<u>41,309</u>	<u>468,134</u>	<u>2,087,168</u>
Restricted:						
General	5,600	-	-	-	-	5,600
Cash Difference	150	-	-	-	-	150
Realignment	784,480	-	-	-	-	784,480
Wrap Around	161,272	-	-	-	-	161,272
AVA County of Tehama	140,968	-	-	-	-	140,968
TEMBO	1,754	-	-	-	-	1,754
APSA Act AB 1130 Grant	1,220	-	-	-	-	1,220
Vital & Health Stats	77,764	-	-	-	-	77,764
Recorder Micrographics	37,265	-	-	-	-	37,265
Recorder Truncation	60,910	-	-	-	-	60,910
PC1463.9 Litter Control	8,550	-	-	-	-	8,550
Fair Booth Trust	979	-	-	-	-	979
Recorder Electronic Filing Fee	38,689	-	-	-	-	38,689
Recorder Automation	244,740	-	-	-	-	244,740
Small Claim Fees Cp 116.910	18,229	-	-	-	-	18,229
Revolving Loan (24 CFR 570)	102,060	-	-	-	-	102,060
VC27360 Child Restraints	10,878	-	-	-	-	10,878
Safe Drinking Water	265,244	-	-	-	-	265,244
UST & HS Code 25287	262	-	-	-	-	262
Domestic Violence Program	14,095	-	-	-	-	14,095
HS 25299 Underground Tank	104,797	-	-	-	-	104,797
Housing Ass't Payment	21,451	-	-	-	-	21,451
Public Safety	-	8,356,379	-	-	-	8,356,379
Public Assistance	-	-	2,470,983	-	-	2,470,983
Health Services	-	-	-	1,881,925	-	1,881,925
Road Services	-	-	-	-	5,056,662	5,056,662
Fish and Game	-	-	-	-	156,932	156,932
Fire	-	-	-	-	5,925,446	5,925,446
Child Support	-	-	-	-	122,271	122,271
Building and Safety	-	-	-	-	392,850	392,850
Senior Nutrition	-	-	-	-	72,199	72,199
Transportation Operations	-	-	-	-	2,418,293	2,418,293
Air Pollution Services	-	-	-	-	1,127,964	1,127,964
Los Molinos Lighting	-	-	-	-	74,903	74,903
Flood Control and Water Conserv	-	-	-	-	950,290	950,290
Tehama Power Authority	-	-	-	-	5,375	5,375
AB 923	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>227,003</u>	<u>227,003</u>
Subtotal	<u>2,101,357</u>	<u>8,356,379</u>	<u>2,470,983</u>	<u>1,881,925</u>	<u>16,530,188</u>	<u>31,340,832</u>

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 10: FUND BALANCES (CONTINUED)

The fund balances for all major and nonmajor governmental funds as of June 30, 2016, were distributed as follows: (Continued)

	General Fund	Public Safety	Public Assistance	Health Services	Other Govern- Mental Funds	Total
Committed:						
Sun City Development	52,385	-	-	-	-	52,385
Uniform Allowance	72,500	-	-	-	-	72,500
Dept of Health Services	127,500	-	-	-	-	127,500
Medical Insurance	352,710	-	-	-	-	352,710
Economic Uncertainty	4,821,577	-	-	-	-	4,821,577
Capital Projects	-	-	-	-	7,219,810	7,219,810
Debt Service	-	-	-	-	8,067,937	8,067,937
Subtotal	<u>5,426,672</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,287,747</u>	<u>20,714,419</u>
Assigned:						
Camp Tehama OPS	68,921	-	-	-	-	68,921
Departments	341,592	-	-	-	-	341,592
Veterans Halls	203,538	-	-	-	-	203,538
Capital Assets	1,157,958	-	-	-	-	1,157,958
Nuisance Abate	165,111	-	-	-	-	165,111
Antelope Sewer	23,200	-	-	-	-	23,200
Sick Leave & Vacation Buyout	2,585	-	-	-	-	2,585
CSS	45,279	-	-	-	-	45,279
Parks	47,930	-	-	-	-	47,930
Encumbrances	123,747	-	-	-	-	123,747
Corning Court	14,256	-	-	-	-	14,256
Public Assistance	-	-	234,273	-	-	234,273
Subtotal	<u>2,194,117</u>	<u>-</u>	<u>234,273</u>	<u>-</u>	<u>-</u>	<u>2,428,390</u>
Unassigned	<u>8,919,202</u>	<u>-</u>	<u>-</u>	<u>(2,752,567)</u>	<u>-</u>	<u>6,166,635</u>
Total	<u>\$ 20,038,680</u>	<u>\$ 8,461,357</u>	<u>\$ 2,780,671</u>	<u>(\$ 829,333)</u>	<u>\$ 32,286,069</u>	<u>\$62,737,444</u>

Fund Balance Flow Assumption

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

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 % of adopted (final) budgeted General fund appropriations for economic uncertainty.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 11: PENSION PLANS

A. General Information about the Pension Plans

Plan Descriptions

Effective January 1, 2013, the County added retirement tiers for the Miscellaneous Plan and Safety Plan 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. As of the valuation date there were no Miscellaneous or Safety PEPRA employees.

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 separate Safety agent multiple-employer defined benefit pension plan and Miscellaneous agent multiple-employer defined benefit pension plan, Employee Pension Plans, 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 Plans are established by State statute and County resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Summary of Plans 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 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 11: PENSION PLANS (CONTINUED)

A. General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

Each Plan's specific provisions and benefits in effect at June 30, 2016, are summarized as follows:

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

Employees Covered

At June 30, 2016, the following employees were covered by the benefit terms for the Miscellaneous Plan including independent entities (Courts and First Five):

	<u>Inactive Employees or Beneficiaries Currently Receiving Benefits</u>	<u>Inactive Employees Entitled to But Not Yet Receiving Benefits</u>	<u>Active Employees</u>
Miscellaneous	713	644	669
Safety	143	89	132

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.

	<u>Employer Contribution Rates</u>	<u>Employee Contribution Rates</u>	<u>Employer Paid Member Contribution Rates</u>
Miscellaneous	15.815%	7.000%	0.000%*
Miscellaneous PEPRA	15.815%	6.250%	0.000%
Safety	26.924%	9.000%	0.000%*
Safety PEPRA	26.924%	11.250%	0.000%

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

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 11: PENSION PLANS (CONTINUED)

B. Net Pension Liability

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

Actuarial Assumptions

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

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
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, 2.75% thereafter

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

Change of Assumptions

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

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 11: PENSION PLANS (CONTINUED)

B. Net Pension Liability (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at the CalPERS website under the GASB 68 section.

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

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

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

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

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

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

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 11: PENSION PLANS (CONTINUED)

C. Changes in the Net Pension Liability

As of June 30, 2016, the changes in the net pension liability of the agent multiple-employer defined benefit pension plan including independent entities (Courts and First Five), is as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Miscellaneous:			
Balance at June 30, 2014	\$ 209,332,166	\$ 164,239,444	\$ 45,092,722
Changes in the year:			
Service cost	4,685,705	-	4,685,705
Interest on the total pension liability	15,360,205	-	15,360,205
Change in assumptions	(3,523,041)	-	(3,523,041)
Difference between expected and actual experience	(2,080,052)	-	(2,080,052)
Plan to plan resource movement	-	(71,138)	71,138
Contribution - employer	-	4,557,693	(4,557,693)
Contribution - employee	-	2,171,594	(2,171,594)
Net investment income	-	3,676,095	(3,676,095)
Benefit payments, including refunds of employee contributions	(10,569,848)	(10,569,848)	-
Administrative expense	-	(186,719)	186,719
Net changes	3,872,969	(422,323)	4,295,292
Balance at June 30, 2015	\$ 213,205,135	\$ 163,817,121	49,388,014
Less: amount allocated to independent entities			(4,175,606)
Balance at June 30, 2015			\$ 45,212,408

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Safety:			
Balance at June 30, 2014	\$ 70,906,841	\$ 50,953,381	\$ 19,953,460
Changes in the year:			
Service cost	1,721,662	-	1,721,662
Interest on the total pension liability	5,270,117	-	5,270,117
Changes of assumptions	(1,316,679)	-	(1,316,679)
Differences between expected and actual experience	141,736	-	141,736
Contribution - employer	-	1,974,637	(1,974,637)
Contribution - employee	-	662,280	(662,280)
Net investment income	-	1,108,588	(1,108,588)
Benefit payments, including refunds of employee contributions	(3,404,624)	(3,404,624)	-
Administrative expense	-	(57,661)	57,661
Net changes	2,412,212	283,220	2,128,992
Balance at June 30, 2015	\$ 73,319,053	\$ 51,236,601	\$ 22,082,452

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 11: PENSION PLANS (CONTINUED)

C. Changes in the Net Pension Liability (Continued)

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

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

	1% Decrease <u>6.65%</u>	Discount Rate <u>7.65%</u>	1% Increase <u>8.65%</u>
Miscellaneous	\$ 76,001,935	\$ 49,388,014	\$ 27,164,473
Safety	32,138,360	22,082,452	13,802,585

Pension Plan Fiduciary Net Position

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

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

For the year ended June 30, 2016, the County recognized pension expense of \$2,187,705. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 7,103,511	\$ -
Changes of assumptions	-	(3,404,010)
Difference between expected and actual experience	-	(1,299,544)
Differences between projected and actual earnings on plan investments	<u>-</u>	<u>(1,909,645)</u>
Total	7,103,511	(6,613,199)
Less: amount allocated to independent entities	<u>(414,811)</u>	<u>444,349</u>
Total	<u>\$ 6,688,700</u>	<u>(\$ 6,168,850)</u>

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 11: PENSION PLANS (CONTINUED)

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

\$7,103,511 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended <u>June 30</u>	
2016	(\$ 3,474,127)
2017	(3,474,127)
2018	(1,847,420)
2019	2,182,475
Thereafter	<u>-</u>
Total	<u><u>(\$ 6,613,199)</u></u>

NOTE 12: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. Plan Description

The Government Accounting Standards Board (GASB) issued Statement No. 45 (June 2004) which establishes guidelines for accounting and financial reporting by State and local governments for other postemployment benefits (OPEB) other than pensions. Like pensions, OPEB arises from an exchange of salaries and benefits for employee services rendered, and constitutes part of the compensation for those services. From an accrual accounting perspective, the cost of OPEB, like the cost of pension benefits, should generally be associated with periods in which the exchange occurs, rather than with the periods when benefits are paid or provided.

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

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

While the County does not directly contribute towards the cost of premiums for retirees, the ability to obtain coverage at an active employee rate constitutes a significant economic benefit to the retirees, called an "implicit subsidy" under GASB 45. The inclusion of the retirees increases the County's overall health insurance rates; it is, in part, the purpose of this valuation to determine the amount of the subsidy. Dental and vision benefits are not subsidized and have not been included in the valuation.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

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

A. Plan Description (Continued)

The following monthly premiums charged to a retiree for the County's medical plans went into effect as of January 1, 2014:

<u>Plan</u>	<u>Composite Rate</u>	<u>Composite Spouse Over 65</u>
Anthem Blue Cross PPO	\$ 1,569.00	\$ 1,618.00
Anthem Blue Cross EPO Low Option	1,268.00	1,204.00

B. Funding Policy and Annual OPEB Cost

The County has not adopted prefunding and utilized the pay-as-you-go basis where contributions are made at about the same time and amount as benefit payments are coming due. The County's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded accrued actuarial liability (or funding excess) over thirty years.

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

Annual required contribution	\$ 165,858
Interest on prior year net OPEB obligation	1,625
Amortization of prior year net OPEB obligation	(2,350)
Annual OPEB Cost	165,133
Contributions made:	
Implicit subsidy (estimated per actuarial)	(96,997)
Increase in net OPEB obligation	68,136
Net OPEB Obligation - Beginning of Year	<u>37,943</u>
Net OPEB Obligation - End of Year	<u>\$ 106,079</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current year is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/15	\$ 154,865	80.86%	\$ 37,943
6/30/16	165,133	58.74%	106,079

The quantifications of costs set forth above should not be interpreted in any way as vesting such benefits; rather the disclosures are made solely to comply with the County's reporting obligations under GASB 45, as the County understands these obligations.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

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

C. Funded Status and Funding Progress

The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a 30 year open period. The table below indicates the funded status of the plan as of July 1, 2014, the most recent actuarial valuation date:

Actuarial accrued liability (AAL)	\$ 1,250,239
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 1,250,239</u>
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	<u>\$ *</u>
UAAL as a percentage of covered payroll	*

* Information not available

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

D. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the July 1, 2014, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 discount rate, and a medical trend assumption of 8% for 2014-15, declining by 1% per year to an ultimate of 5% per year beginning in 2017.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 13: RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has Risk Management Funds (Internal Service Funds) to finance its insured and uninsured risks of loss. The County's uninsured risk of loss is as follows: General liability \$100,000; Dental \$1,500. The County is a member of the County Supervisors Association of California Excess Insurance Authority (CSAC-EIA), a public entity risk pool currently operating as a common risk management and insurance program for counties. Should actual loss among participants be greater than anticipated, the County will be assessed its pro rata share of the deficiency. Conversely, if the actual losses are less than anticipated, the County will be refunded its pro rata share of the excess. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. Actual claims unpaid as of June 30, 2016, including any estimates for incurred but not reported (IBNR) amounts, constitute claims payable. The claims liability at June 30, 2016, was as follows:

General Liability	\$ 823,000
Dental Insurance	<u>115,225</u>
Total	<u>\$ 938,225</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 \$938,225 reported in the funds at June 30, 2016, 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 2014, 2015, and 2016 were as follows:

	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at End of Fiscal Year</u>
2014	\$ 809,582	\$ 2,286,431	\$ 2,286,063	\$ 809,950
2015	809,950	2,822,255	2,822,655	809,550
2016	809,550	3,026,469	2,897,794	938,225

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

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 14: OTHER INFORMATION

A. Commitments and Contingencies

The County had active construction projects as of June 30, 2016. The estimated costs to be incurred for these projects is \$2,175,475.

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, 2016, General fund \$123,747, Public Safety \$393,131, Public Assistance \$50, Health Services \$41,732, and non-major governmental funds \$185,498.

B. Subsequent Events

Management has evaluated events subsequent to June 30, 2016 through February 23, 2017, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

**Required Supplementary Information
(Unaudited)**

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF TEHAMA
Required Supplementary Information
County Pension Plans
Schedule of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2016
Last 10 Years*

	<u>2015</u>	<u>2016</u>
Miscellaneous		
Total Pension Liability		
Service Cost	\$ 4,751,684	\$ 4,685,705
Interest	14,778,711	15,360,205
Change in assumptions	-	(3,523,041)
Difference between expected and actual experience	-	(2,080,052)
Benefit payments, including refunds of employee contributions	<u>(9,743,748)</u>	<u>(10,569,848)</u>
Net Change in Total Pension Liability	9,786,647	3,872,969
Total Pension Liability - Beginning	<u>199,545,519</u>	<u>209,332,166</u>
Total Pension Liability - Ending (a)	<u>\$ 209,332,166</u>	<u>\$ 213,205,135</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 4,300,260	\$ 4,557,693
Contributions - employee	2,250,188	2,171,594
Net investment income	24,639,923	3,676,095
Benefit payments, including refunds of employee contributions	(9,743,748)	(10,569,848)
Plan to plan resource movement	-	(71,138)
Administrative expense	<u>-</u>	<u>(186,719)</u>
Net Change in Plan Fiduciary Net Position	21,446,623	(422,323)
Plan Fiduciary Net Position - Beginning	<u>142,792,821</u>	<u>164,239,444</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 164,239,444</u>	<u>\$ 163,817,121</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 45,092,722</u>	<u>\$ 49,388,014</u>
Plan fiduciary net position as a percentage of the total pension liability	78.46%	76.84%
Covered employee payroll	\$ 30,757,227	\$ 31,825,748
Net pension liability as a percentage of covered employee payroll	146.61%	155.18%

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

Continued (Page 1 of 2)

COUNTY OF TEHAMA
Required Supplementary Information
County Pension Plans
Schedule of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2016
Last 10 Years*

	<u>2015</u>	<u>2016</u>
Safety		
Total Pension Liability		
Service Cost	\$ 1,722,487	\$ 1,721,662
Interest	4,994,614	5,270,117
Change in assumptions	-	(1,316,679)
Difference between expected and actual experience	-	141,736
Benefit payments, including refunds of employee contributions	<u>(3,087,719)</u>	<u>(3,404,624)</u>
Net Change in Total Pension Liability	3,629,382	2,412,212
Total Pension Liability - Beginning	<u>67,277,459</u>	<u>70,906,841</u>
Total Pension Liability - Ending (a)	<u>\$ 70,906,841</u>	<u>\$ 73,319,053</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 1,812,375	\$ 1,974,637
Contributions - employee	611,172	662,280
Net investment income	7,625,451	1,108,588
Benefit payments, including refunds of employee contributions	(3,087,719)	(3,404,624)
Administrative expense	<u>-</u>	<u>(57,661)</u>
Net Change in Plan Fiduciary Net Position	6,961,279	283,220
Plan Fiduciary Net Position - Beginning	<u>43,992,102</u>	<u>50,953,381</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 50,953,381</u>	<u>\$ 51,236,601</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 19,953,460</u>	<u>\$ 22,082,452</u>
Plan fiduciary net position as a percentage of the total pension liability	71.86%	69.88%
Covered employee payroll	\$ 6,963,761	\$ 7,167,321
Net pension liability as a percentage of covered employee payroll	286.53%	308.10%

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

Continued (Page 2 of 2)

COUNTY OF TEHAMA
Required Supplementary Information
County Pension Plans
Schedule of Contributions
For the Year Ended June 30, 2016
Last 10 Years*

	<u>2015</u>	<u>2016</u>
Miscellaneous		
Contractually required contributions (actuarially determined)	\$ 4,300,260	\$ 4,557,693
Contributions in relation to the actuarially determined contributions	<u>(4,300,260)</u>	<u>(4,557,693)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 30,757,227	\$ 31,825,748
Contributions as a percentage of covered employee payroll	13.98%	14.32%
Safety		
Contractually required contributions (actuarially determined)	\$ 1,812,375	\$ 1,974,637
Contributions in relation to the actuarially determined contributions	<u>(1,812,375)</u>	<u>(1,974,637)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 6,963,761	\$ 7,167,321
Contributions as a percentage of covered employee payroll	26.03%	27.55%

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

COUNTY OF TEHAMA
Required Supplementary Information
County Pension Plans
Notes to County Pension Plans
For the Year Ended June 30, 2016

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

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

NOTE 2: SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

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

NOTE 3: SCHEDULE OF CONTRIBUTIONS

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

Valuation Date	6/30/2012
Actuarial cost method	Entry-Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	26 years as of the valuation date
Asset valuation method	Actuarial value of assets
Inflation	2.75%
Salary increases	Varies by entry-age and service
Payroll growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.

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

Valuation Date	6/30/2012
Actuarial cost method	Entry-Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	31 years as of the valuation date
Asset valuation method	Actuarial value of assets
Inflation	2.75%
Salary increases	Varies by entry-age and service
Payroll growth	3.00%
Investment rate of return	7.5%, net of pension plan investment and administrative expense, including inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.

COUNTY OF TEHAMA
Required Supplementary Information
County OPEB Plan
Schedule of Funding Progress
For the Year Ended June 30, 2016

SCHEDULE OF FUNDING PROGRESS

The Schedule of Funding Progress - Other Postemployment Benefits provides a consolidated snapshot of the County's ability to meet current and future liabilities with the plan assets. Of particular interest to most is the funded status ratio. This ratio conveys a plan's level of assets to liabilities, an important indicator to determine the financial health of the OPEB plan. The closer the plan is to a 100% funded status, the better position it will be in to meet all of its future liabilities.

The table below shows a three year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll for the County Other Postemployment Benefit Plan.

Actuarial Valuation Date	Actuarial Accrued Value of Assets	Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage Of Covered Payroll
July 1, 2014	\$ -	\$ 1,250,239	\$1,250,239	0.0%	\$ *	*

* Information not available

COUNTY OF TEHAMA
Required Supplementary Information
Infrastructure Assets Reported Using the Modified Approach
For the Year Ended June 30, 2016

INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

A. Roads

The County of Tehama manages its maintained road system, of the road network using the Cartegraph Pavement Management Program and accounts for them using the modified approach as set forth in GASB 34. The program establishes an Overall Condition Index (OCI) on a scale from zero to one hundred (0-100) for each road segment being maintained by the Department of Public Works. A scale has been established with roads falling into categories from poor to excellent and are rated as follows:

Excellent	85 to 100
Good to Very Good	55 to 84
Fair	40 to 54
Poor	0 to 39

It is the County's policy to maintain at least seventy five (75) percent of its Arterial and Collector maintained road system at a fair or better rating and seventy five (75) percent of the local maintained roads system at a fair or better rating. Condition assessments (ratings) are conducted on a three-year cycle with detailed inspections occurring on an ongoing daily basis. The following is a table of the roads' condition:

<u>OCI Condition</u>	<u>Number of Miles</u>	<u>Percent</u>
Excellent	60.241	5.53%
Very Good to Good	542.118	49.77%
Fair to Acceptable	243.105	22.32%
Poor	243.790	22.38%
Total	1,089.254	100.00%

As of June 30, 2016, the County's maintained road system was rated 84.26% fair and above for Arterial and Collector roads and 74.69% for Local roads, including 263.05 miles of unsurfaced roads maintained at a fair condition rating. The Department of Public Works also maintains records of 0.96 miles of unconstructed/unrated right of way. The total amount of maintained roads recorded by the department is 1,089.25 miles, which is unchanged from the prior year's report.

The majority of roads falling below the established rating of fair are in the Local road category, and were generally acquired by the County with inadequate or no structural section. Many of these roads are in rural settings with minimal traffic, requiring large fund expenditures and many years to attain one of the adopted ratings.

COUNTY OF TEHAMA
Required Supplementary Information
Infrastructure Assets Reported Using the Modified Approach
For the Year Ended June 30, 2016

INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH (CONTINUED)

B. Bridges

The County of Tehama manages its maintained bridge system utilizing the Cartegraph Bridge Management Program and accounts for each using the modified approach as set forth in GASB 34. Several factors are considered to achieve the established scale of 0 to 100, which provides a rating for each structure in the County’s inventory. The established scale places each bridge structure into categories ranging from poor to excellent as shown below:

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

The Department of Public Works recommends that 75 percent of its bridges be maintained at a fair or better rating. The following is a table of the bridges’ condition as of June 30, 2016:

<u>Condition</u>	<u>Number of Bridges</u>	<u>Percent</u>
Excellent	115	16.52%
Good	180	25.86%
Fair	341	49.00%
Poor	<u>60</u>	<u>8.62%</u>
Total	<u><u>696</u></u>	<u><u>100.00%</u></u>

Caltrans conducts periodic inspections of all bridge structures that are 20 feet or longer. This amounts to approximately 400 County structures. Bridges generally have a useful life of 50 to 75 years with low levels of significant deterioration from year to year. County staff also conducts inspections of approximately 400 bridges and drainage structures less than 20 feet in length and 137 cattle guards that the County maintains. The cattle guard structures are not rated.

C. Signs

The County of Tehama manages its maintained sign database system using the Cartegraph Sign Management program and accounts for them using the modified approach as set forth in GASB 34. The State and Federal versions of the Manual of Uniform Traffic Control Device (MUTCD) guidelines identify sign reflectivity requirements as a crucial rating factor. Therefore, County sign reflectivity is measured using County owned equipment and assigned a “Pass or Fail” rating in keeping with industry standards.

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

COUNTY OF TEHAMA
Required Supplementary Information
Infrastructure Assets Reported Using the Modified Approach
For the Year Ended June 30, 2016

INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH (CONTINUED)

C. Signs (Continued)

<u>Condition</u>	Number of Street <u>Name Signs</u>	Number of <u>Traffic Signs</u>	<u>Total</u>	Percent <u>Pass/Fail</u>
Pass	3,457	3,888	7,304	90.78%
Fail	<u>0</u>	<u>746</u>	<u>746</u>	<u>9.22%</u>
Total	<u><u>3,457</u></u>	<u><u>4,634</u></u>	<u><u>8,091</u></u>	<u><u>100.00%</u></u>

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

D. Right of Way

Currently the right of way value provided is a rough valuation based on several estimations and assumptions to establish the valuation parameters. The widths of right of way corridors were established by researching records and the established right of way corridors were then converted into acreage. While many of the right of way corridors do not have a uniform width, using uniform widths yielded an area that is fairly accurate. With assistance from the County Assessor's Office values were established for various land types (i.e. residential, rural residential, agricultural, ranch land, and range land). The value was then applied to the acreage to develop a rough estimation of the right of way value.

E. Cost of Maintenance

The estimated annual amount to maintain 75% of the roads, bridges, and signs in a fair or better, or pass condition rating is \$8.5 million. The average annual expenditures over the last five years was \$10.3 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 slower pace. The funds expended for all of the above noted facilities over the past five fiscal years are as follows:

	<u>Actual</u>
Fiscal Year 2015/2016	\$ 8,283,095
Fiscal Year 2014/2015	12,835,149
Fiscal Year 2013/2014	9,089,229
Fiscal Year 2012/2013	14,993,500
Fiscal Year 2011/2012	6,504,661

COUNTY OF TEHAMA
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and assessments	\$17,447,276	\$17,447,276	\$18,653,920	\$ 1,206,644
Licenses and permits	1,296,522	1,290,558	1,527,207	236,649
Fines and forfeitures	1,385,646	1,673,253	1,793,990	120,737
Use of money and property	175,836	175,836	355,233	179,397
Intergovernmental	2,643,235	2,730,480	3,235,757	505,277
Charges for services	16,873,484	17,042,214	16,255,641	(786,573)
Other revenues	222,540	136,406	508,327	371,921
Total Revenues	40,044,539	40,496,023	42,330,075	1,834,052
EXPENDITURES				
Current:				
General government	22,780,840	22,522,840	19,674,563	2,848,277
Public protection	6,211,425	6,413,149	5,283,182	1,129,967
Health and welfare	940,793	1,045,932	950,277	95,655
Public assistance	1,575,500	1,634,934	1,475,144	159,790
Education	723,853	741,935	671,621	70,314
Culture and recreation	289,654	289,654	283,647	6,007
Public ways and facilities	-	-	2,283	(2,283)
Debt service				
Interest and other charges	25,000	25,000	16,183	8,817
Capital outlay	629,869	1,059,751	693,735	366,016
Total Expenditures	33,176,934	33,733,195	29,050,635	4,682,560
Excess of Revenues Over (Under) Expenditures	6,867,605	6,762,828	13,279,440	6,516,612
OTHER FINANCING SOURCES (USES)				
Transfers out	(20,984,817)	(21,334,809)	(17,285,243)	4,049,566
Total Other Financing Sources (Uses)	(20,984,817)	(21,334,809)	(17,285,243)	4,049,566
Net Change in Fund Balances	(14,117,212)	(14,571,981)	(4,005,803)	10,566,178
Fund Balances - Beginning	24,044,483	24,044,483	24,044,483	-
Fund Balances - Ending	\$ 9,927,271	\$ 9,472,502	\$20,038,680	\$10,566,178

COUNTY OF TEHAMA
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2016

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

Net Change in Fund Balance - Budgetary Basis	\$ (4,005,803)
---	-----------------------

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	(829,633)
General government expenditures	<u>829,633</u>

Net Change in Fund Balance - Statement of Revenues, Expenditures, and Changes in Fund Balance	<u><u>\$ (4,005,803)</u></u>
--	-------------------------------------

COUNTY OF TEHAMA
Required Supplementary Information
Budgetary Comparison Schedule
Public Safety - Major Special Revenue Fund
For the Year Ended June 30, 2016

	<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	\$ 4,432	\$ 3,182
Fines and forfeitures	18,500	18,500	43,222	24,722
Use of money and property	-	-	356,977	356,977
Intergovernmental	9,322,114	10,687,301	13,671,311	2,984,010
Charges for services	666,112	666,112	618,085	(48,027)
Other revenues	271,005	332,237	231,523	(100,714)
Total Revenues	<u>10,278,981</u>	<u>11,705,400</u>	<u>14,925,550</u>	<u>3,220,150</u>
EXPENDITURES				
Current:				
Public protection	26,783,942	27,702,632	24,712,151	2,990,481
Capital outlay	727,200	1,172,121	605,488	566,633
Total Expenditures	<u>27,511,142</u>	<u>28,874,753</u>	<u>25,317,639</u>	<u>3,557,114</u>
Excess of Revenues Over (Under) Expenditures	<u>(17,232,161)</u>	<u>(17,169,353)</u>	<u>(10,392,089)</u>	<u>6,777,264</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	17,232,161	17,482,088	13,775,902	(3,706,186)
Total Other Financing Sources (Uses)	<u>17,232,161</u>	<u>17,482,088</u>	<u>13,775,902</u>	<u>(3,706,186)</u>
Net Change in Fund Balances	-	312,735	3,383,813	3,071,078
Fund Balances - Beginning	<u>5,077,544</u>	<u>5,077,544</u>	<u>5,077,544</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 5,077,544</u>	<u>\$ 5,390,279</u>	<u>\$ 8,461,357</u>	<u>\$ 3,071,078</u>

COUNTY OF TEHAMA
Required Supplementary Information
Budgetary Comparison Schedule
Public Assistance - Major Special Revenue Fund
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ (484)	\$ (484)
Use of money and property	6,732	6,732	8,880	2,148
Intergovernmental	39,982,099	39,990,274	35,974,859	(4,015,415)
Charges for services	257,887	257,887	165,744	(92,143)
Other revenues	1,346,333	1,346,333	319,602	(1,026,731)
Total Revenues	41,593,051	41,601,226	36,468,601	(5,132,625)
EXPENDITURES				
Current:				
Public assistance	41,453,849	41,451,434	36,642,223	4,809,211
Capital outlay	139,202	219,128	193,141	25,987
Total Expenditures	41,593,051	41,670,562	36,835,364	4,835,198
Excess of Revenues Over (Under) Expenditures	-	(69,336)	(366,763)	(297,427)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,056,859	1,056,859	748,532	(308,327)
Total Other Financing Sources (Uses)	1,056,859	1,056,859	748,532	(308,327)
Net Change in Fund Balances	1,056,859	987,523	381,769	(605,754)
Fund Balances - Beginning	2,398,902	2,398,902	2,398,902	-
Fund Balances - Ending	\$ 3,455,761	\$ 3,386,425	\$ 2,780,671	\$ (605,754)
Reconciliation of Net Change in Fund Balance - Budgetary to GAAP Basis:				
Net Change in Fund Balance - Budgetary Basis				\$ 381,769
The amount reported in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance was different because:				
Public assistance repayments are included as other revenues for budgetary purposes, but are included as intergovernmental revenues for financial reporting purposes.				
Intergovernmental revenues				201,271
Other revenues				(201,271)
Net Change in Fund Balance - Statement of Revenues, Expenditures, and Changes in Fund Balance				\$ 381,769

COUNTY OF TEHAMA
Required Supplementary Information
Budgetary Comparison Schedule
Health Services - Major Special Revenue Fund
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 14,038	\$ 14,038
Use of money and property	-	-	9,858	9,858
Intergovernmental	15,589,135	16,676,623	12,973,976	(3,702,647)
Charges for services	7,213,488	6,226,000	4,542,388	(1,683,612)
Other revenues	190,700	190,700	54,395	(136,305)
Total Revenues	22,993,323	23,093,323	17,594,655	(5,498,668)
EXPENDITURES				
Current:				
Health and welfare	22,225,256	22,297,931	18,543,829	3,754,102
Capital outlay	762,472	772,945	606,765	166,180
Total Expenditures	22,987,728	23,070,876	19,150,594	3,920,282
Excess of Revenues Over (Under) Expenditures	5,595	22,447	(1,555,939)	(1,578,386)
OTHER FINANCING SOURCES (USES)				
Transfers in	133,700	133,700	98,648	(35,052)
Transfers out	-	-	(367,900)	(367,900)
Debt proceeds	-	-	93,934	93,934
Total Other Financing Sources (Uses)	133,700	133,700	(175,318)	(309,018)
Net Change in Fund Balances	139,295	156,147	(1,731,257)	(1,887,404)
Fund Balances - Beginning	901,924	901,924	901,924	-
Fund Balances (Deficits) - Ending	\$ 1,041,219	\$ 1,058,071	\$ (829,333)	\$ (1,887,404)
Reconciliation of Net Change in Fund Balance - Budgetary to GAAP Basis:				
Net Change in Fund Balance - Budgetary Basis				\$ (1,731,257)
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				(33,698)
Debt service - principal expenditures				28,800
Debt service - interest and other charges expenditures				4,898
Net Change in Fund Balance - Statement of Revenues, Expenditures, and Changes in Fund Balance				\$ (1,731,257)

COUNTY OF TEHAMA
Required Supplementary Information
Note to Budgetary Comparison Schedules
For the Year Ended June 30, 2016

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

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

In accordance with the provisions of Sections 29000 and 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares a budget for each fiscal year on or before August 30. Budgeted expenditures are enacted into law through the passage of an Appropriation Resolution. This resolution mandates the maximum authorized expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the County's Board of Supervisors.

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

- (1) The County Administrative Officer submits to the Board of Supervisors a recommended draft budget for the fiscal year commencing the following July 1. The budget includes recommended expenditures and the means of financing them.
- (2) The Board of Supervisors reviews the recommended budget at regularly scheduled meetings, which are open to the public. The Board also conducts a public hearing on the recommended budget to obtain comments from interested persons.
- (3) Prior to August 1, the budget is adopted through the passage of a resolution.
- (4) From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein, as recommended expenditures become appropriations to the various County departments. The Board of Supervisors may amend the budget by motion during the fiscal year. The County Administrative Officer may authorize transfers from one object or purpose to another within the same department.
- (5) An operating budget is adopted each fiscal year for all Governmental Funds. Expenditures are controlled at the object level within budget units for the County. The object level within a budget unit is the level at which expenditures may not legally exceed appropriations. Any amendments or transfers of appropriations between object levels within the same budget unit or between departments or funds are authorized by the County Administrator's office and must be approved by the Board of Supervisors. Supplementary appropriations normally financed by unanticipated revenues during the year must be approved by the Board of Supervisors. Budgeted amounts in the budgetary schedules are reported as originally adopted and as amended during the fiscal year by resolutions approved by the Board of Supervisors.

COUNTY OF TEHAMA
Required Supplementary Information
Note to Budgetary Comparison Schedules
For the Year Ended June 30, 2016

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.

THIS PAGE INTENTIONALLY LEFT BLANK

Combining Nonmajor Fund Statements

THIS PAGE INTENTIONALLY LEFT BLANK

Nonmajor Governmental Funds

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF TEHAMA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total
ASSETS				
Cash and investments	\$ 17,419,367	\$ 4,897,488	\$ 298,093	\$ 22,614,948
Cash with fiscal agent	-	2,370,027	7,769,844	10,139,871
Receivables:				
Accounts	117,303	94	-	117,397
Intergovernmental	506,930	-	-	506,930
Advances to other funds	10,000	-	-	10,000
Prepaid costs	6,034	-	-	6,034
Inventory	452,100	-	-	452,100
Total Assets	\$ 18,511,734	\$ 7,267,609	\$ 8,067,937	\$ 33,847,280
LIABILITIES				
Accounts payable	\$ 621,331	\$ 43,704	\$ -	\$ 665,035
Salaries and benefits payable	248,861	4,095	-	252,956
Due to other governments	6,948	-	-	6,948
Deposits payable	144,493	-	-	144,493
Unearned revenues	6,384	-	-	6,384
Total Liabilities	1,028,017	47,799	-	1,075,816
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	485,395	-	-	485,395
Total Deferred Inflows of Resources	485,395	-	-	485,395
FUND BALANCES				
Nonspendable	468,134	-	-	468,134
Restricted	16,530,188	-	-	16,530,188
Committed	-	7,219,810	8,067,937	15,287,747
Total Fund Balances	16,998,322	7,219,810	8,067,937	32,286,069
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 18,511,734	\$ 7,267,609	\$ 8,067,937	\$ 33,847,280

COUNTY OF TEHAMA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total
REVENUES				
Taxes and assessments	\$ 4,681,545	\$ 1,083	\$ -	\$ 4,682,628
Licenses and permits	1,766,265	-	-	1,766,265
Fines and forfeitures	32,767	-	230,764	263,531
Use of money and property	158,840	32,961	72,647	264,448
Intergovernmental	13,982,106	-	-	13,982,106
Charges for services	1,853,545	-	-	1,853,545
Other revenues	232,926	3,788	-	236,714
Total Revenues	<u>22,707,994</u>	<u>37,832</u>	<u>303,411</u>	<u>23,049,237</u>
EXPENDITURES				
Current:				
General government	-	158,590	2,293	160,883
Public protection	5,503,661	-	-	5,503,661
Health and welfare	874,866	-	-	874,866
Public assistance	2,079,524	-	-	2,079,524
Public ways and facilities	10,040,760	-	-	10,040,760
Debt service:				
Principal	-	-	725,000	725,000
Interest and other charges	-	-	519,048	519,048
Capital outlay	1,092,319	1,571,848	-	2,664,167
Total Expenditures	<u>19,591,130</u>	<u>1,730,438</u>	<u>1,246,341</u>	<u>22,567,909</u>
Excess of Revenues Over (Under) Expenditures	<u>3,116,864</u>	<u>(1,692,606)</u>	<u>(942,930)</u>	<u>481,328</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	114,765	3,253,242	959,786	4,327,793
Transfers out	-	-	(1,297,732)	(1,297,732)
Total Other Financing Sources (Uses)	<u>114,765</u>	<u>3,253,242</u>	<u>(337,946)</u>	<u>3,030,061</u>
Net Change in Fund Balances	3,231,629	1,560,636	(1,280,876)	3,511,389
Fund Balances - Beginning	13,850,820	5,659,174	9,348,813	28,858,807
Change in inventory on purchases method	(84,127)			(84,127)
Fund Balances - Ending	<u>\$ 16,998,322</u>	<u>\$ 7,219,810</u>	<u>\$ 8,067,937</u>	<u>\$ 32,286,069</u>

Nonmajor Governmental Funds

- **Special Revenue Funds**

THIS PAGE INTENTIONALLY LEFT BLANK

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF TEHAMA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2016

	Road	Fish and Game	Fire
ASSETS			
Cash and investments	\$ 5,715,285	\$ 156,932	\$ 6,034,726
Receivables:			
Accounts	43,461	-	44
Intergovernmental	334,441	-	122,759
Advances to other funds	-	-	-
Prepaid costs	612	-	-
Inventory	452,100	-	-
	Total Assets	\$ 156,932	\$ 6,157,529
	\$ 6,545,899	\$ 156,932	\$ 6,157,529
LIABILITIES			
Accounts payable	\$ 405,868	\$ -	\$ 92,830
Salaries and benefits payable	151,723	-	16,494
Due to other governments	-	-	-
Deposits payable	144,493	-	-
Unearned revenues	-	-	-
	Total Liabilities	-	109,324
	702,084	-	109,324
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	334,441	-	122,759
	Total Deferred Inflows of Resources	-	122,759
	334,441	-	122,759
FUND BALANCES			
Nonspendable	452,712	-	-
Restricted	5,056,662	156,932	5,925,446
	Total Fund Balances	156,932	5,925,446
	5,509,374	156,932	5,925,446
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,545,899	\$ 156,932	\$ 6,157,529

Child Support	Building and Safety	Senior Nutrition	Transportation Operations	Air Pollution	Los Molinos Lighting	Tehama County Flood Control	Tehama County Flood Zone 3
\$ 175,128	\$ 438,449	\$ 39,091	\$ 2,515,162	\$ 1,093,942	\$ 74,903	\$ 302,136	\$ 651,718
-	-	33,108	9,240	20,967	-	-	-
12,020	-	16,175	-	21,535	-	-	-
10,000	-	-	-	-	-	-	-
4,686	587	-	-	149	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 201,834</u>	<u>\$ 439,036</u>	<u>\$ 88,374</u>	<u>\$ 2,524,402</u>	<u>\$ 1,136,593</u>	<u>\$ 74,903</u>	<u>\$ 302,136</u>	<u>\$ 651,718</u>
\$ 1,415	\$ 13,919	\$ -	\$ 106,109	\$ 1,065	\$ -	\$ 125	\$ -
51,138	18,652	-	-	7,415	-	3,439	-
304	6,644	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	6,384	-	-	-	-	-	-
<u>52,857</u>	<u>45,599</u>	<u>-</u>	<u>106,109</u>	<u>8,480</u>	<u>-</u>	<u>3,564</u>	<u>-</u>
<u>12,020</u>	<u>-</u>	<u>16,175</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>12,020</u>	<u>-</u>	<u>16,175</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
14,686	587	-	-	149	-	-	-
122,271	392,850	72,199	2,418,293	1,127,964	74,903	298,572	651,718
<u>136,957</u>	<u>393,437</u>	<u>72,199</u>	<u>2,418,293</u>	<u>1,128,113</u>	<u>74,903</u>	<u>298,572</u>	<u>651,718</u>
<u>\$ 201,834</u>	<u>\$ 439,036</u>	<u>\$ 88,374</u>	<u>\$ 2,524,402</u>	<u>\$ 1,136,593</u>	<u>\$ 74,903</u>	<u>\$ 302,136</u>	<u>\$ 651,718</u>

COUNTY OF TEHAMA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2016

	Tehama Power Authority	AB 923	Total
ASSETS			
Cash and investments	\$ 5,375	\$ 216,520	\$ 17,419,367
Receivables:			
Accounts	-	10,483	117,303
Intergovernmental	-	-	506,930
Advances to other funds	-	-	10,000
Prepaid costs	-	-	6,034
Inventory	-	-	452,100
Total Assets	\$ 5,375	\$ 227,003	\$ 18,511,734
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 621,331
Salaries and benefits payable	-	-	248,861
Due to other governments	-	-	6,948
Deposits payable	-	-	144,493
Unearned revenues	-	-	6,384
Total Liabilities	-	-	1,028,017
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	-	-	485,395
Total Deferred Inflows of Resources	-	-	485,395
FUND BALANCES			
Nonspendable	-	-	468,134
Restricted	5,375	227,003	16,530,188
Total Fund Balances	5,375	227,003	16,998,322
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,375	\$ 227,003	\$ 18,511,734

Continued (Page 2 of 2)

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF TEHAMA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2016

	Road	Fish and Game	Fire
REVENUES			
Taxes and assessments	\$ 577,281	\$ -	\$ 2,986,379
License and permits	11,437	-	-
Fines and forfeitures	-	2,023	-
Use of money and property	33,863	1,306	48,726
Intergovernmental	10,317,282	-	709,202
Charges for services	492,153	-	1,119,517
Other revenues	26,936	-	125,637
Total Revenues	11,458,952	3,329	4,989,461
EXPENDITURES			
Current:			
Public protection	-	3,037	4,275,215
Health and welfare	-	-	-
Public assistance	-	-	-
Public ways and facilities	8,701,141	-	-
Capital outlay	808,364	-	11,635
Total Expenditures	9,509,505	3,037	4,286,850
Excess of Revenues Over (Under) Expenditures	1,949,447	292	702,611
OTHER FINANCING SOURCES (USES)			
Transfers in	79,765	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	79,765	-	-
Net Change in Fund Balances	2,029,212	292	702,611
Fund Balances - Beginning	3,564,289	156,640	5,222,835
Change in inventory on purchases method	(84,127)	-	-
Fund Balances - Ending	\$ 5,509,374	\$ 156,932	\$ 5,925,446

Child Support	Building and Safety	Senior Nutrition	Transportation Operations	Air Pollution	Los Molinos Lighting	Tehama County Flood Control	Tehama County Flood Zone 3
\$ -	\$ -	\$ -	\$ 880,835	\$ -	\$ 12,942	\$ 133,347	\$ 90,761
-	776,809	-	-	864,396	-	-	-
-	27,273	-	-	3,471	-	-	-
2,155	2,898	1,513	48,426	9,141	608	2,272	6,525
1,774,510	-	214,028	831,640	47,250	221	2,359	85,614
-	70,201	20,000	151,674	-	-	-	-
1,039	2,159	55,985	-	21,170	-	-	-
<u>1,777,704</u>	<u>879,340</u>	<u>291,526</u>	<u>1,912,575</u>	<u>945,428</u>	<u>13,771</u>	<u>137,978</u>	<u>182,900</u>
-	762,904	-	-	-	12,025	132,102	318,378
-	-	-	-	838,873	-	-	-
1,788,429	-	291,095	-	-	-	-	-
-	-	-	1,339,619	-	-	-	-
1,831	-	-	249,318	21,171	-	-	-
<u>1,790,260</u>	<u>762,904</u>	<u>291,095</u>	<u>1,588,937</u>	<u>860,044</u>	<u>12,025</u>	<u>132,102</u>	<u>318,378</u>
<u>(12,556)</u>	<u>116,436</u>	<u>431</u>	<u>323,638</u>	<u>85,384</u>	<u>1,746</u>	<u>5,876</u>	<u>(135,478)</u>
-	-	35,000	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	35,000	-	-	-	-	-
<u>(12,556)</u>	<u>116,436</u>	<u>35,431</u>	<u>323,638</u>	<u>85,384</u>	<u>1,746</u>	<u>5,876</u>	<u>(135,478)</u>
149,513	277,001	36,768	2,094,655	1,042,729	73,157	292,696	787,196
-	-	-	-	-	-	-	-
<u>\$ 136,957</u>	<u>\$ 393,437</u>	<u>\$ 72,199</u>	<u>\$ 2,418,293</u>	<u>\$ 1,128,113</u>	<u>\$ 74,903</u>	<u>\$ 298,572</u>	<u>\$ 651,718</u>

COUNTY OF TEHAMA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2016

	Tehama Power Authority	AB 923	Total
REVENUES			
Taxes and assessments	\$ -	\$ -	\$ 4,681,545
License and permits	-	113,623	1,766,265
Fines and forfeitures	-	-	32,767
Use of money and property	45	1,362	158,840
Intergovernmental	-	-	13,982,106
Charges for services	-	-	1,853,545
Other revenues	-	-	232,926
Total Revenues	45	114,985	22,707,994
EXPENDITURES			
Current:			
Public protection	-	-	5,503,661
Health and welfare	-	35,993	874,866
Public assistance	-	-	2,079,524
Public ways and facilities	-	-	10,040,760
Capital outlay	-	-	1,092,319
Total Expenditures	-	35,993	19,591,130
Excess of Revenues Over (Under) Expenditures	45	78,992	3,116,864
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	114,765
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	114,765
Net Change in Fund Balances	45	78,992	3,231,629
Fund Balances - Beginning	5,330	148,011	13,850,820
Change in inventory on purchases method	-	-	(84,127)
Fund Balances - Ending	\$ 5,375	\$ 227,003	\$ 16,998,322

Nonmajor Governmental Funds

- **Capital Project Funds**

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF TEHAMA
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2016

	Capital Projects	Total
ASSETS		
Cash and investments	\$ 4,897,488	\$ 4,897,488
Cash with fiscal agent	2,370,027	2,370,027
Receivables:		
Accounts	94	94
Total Assets	\$ 7,267,609	\$ 7,267,609
LIABILITIES		
Accounts payable	\$ 43,704	\$ 43,704
Salaries and benefits payable	4,095	4,095
Total Liabilities	47,799	47,799
FUND BALANCES		
Committed	7,219,810	7,219,810
Total Fund Balances	7,219,810	7,219,810
Total Liabilities and Fund Balances	\$ 7,267,609	\$ 7,267,609

COUNTY OF TEHAMA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2016

	Capital Projects	Total
REVENUES		
Taxes and assessments	\$ 1,083	\$ 1,083
Use of money and property	32,961	32,961
Other revenue	3,788	3,788
Total Revenues	37,832	37,832
EXPENDITURES		
Current:		
General government	158,590	158,590
Capital outlay	1,571,848	1,571,848
Total Expenditures	1,730,438	1,730,438
Excess of Revenues Over (Under) Expenditures	(1,692,606)	(1,692,606)
OTHER FINANCING SOURCES (USES)		
Transfers in	3,253,242	3,253,242
Total Other Financing Sources (Uses)	3,253,242	3,253,242
Net Change in Fund Balances	1,560,636	1,560,636
Fund Balances - Beginning	5,659,174	5,659,174
Fund Balances - Ending	\$ 7,219,810	\$ 7,219,810

Nonmajor Governmental Funds

- **Debt Service Funds**

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF TEHAMA
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2016

	<u>Debt Service</u>	<u>Total</u>
ASSETS		
Cash and investments	\$ 298,093	\$ 298,093
Cash with fiscal agent	<u>7,769,844</u>	<u>7,769,844</u>
Total Assets	<u>\$ 8,067,937</u>	<u>\$ 8,067,937</u>
LIABILITIES		
Accounts payable	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>-</u>	<u>-</u>
FUND BALANCES		
Committed	<u>8,067,937</u>	<u>8,067,937</u>
Total Fund Balances	<u>8,067,937</u>	<u>8,067,937</u>
Total Liabilities and Fund Balances	<u>\$ 8,067,937</u>	<u>\$ 8,067,937</u>

COUNTY OF TEHAMA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended June 30, 2016

	Debt Service	Total
REVENUES		
Fines and forfeitures	\$ 230,764	\$ 230,764
Use of money and property	72,647	72,647
Total Revenues	303,411	303,411
EXPENDITURES		
Current:		
General government	2,293	2,293
Debt service:		
Principal	725,000	725,000
Interest and other charges	519,048	519,048
Total Expenditures	1,246,341	1,246,341
Excess of Revenues Over (Under) Expenditures	(942,930)	(942,930)
OTHER FINANCING SOURCES (USES)		
Transfers in	959,786	959,786
	(1,297,732)	(1,297,732)
Total Other Financing Sources (Uses)	(337,946)	(337,946)
Net Change in Fund Balances	(1,280,876)	(1,280,876)
Fund Balances - Beginning	9,348,813	9,348,813
Fund Balances - Ending	\$ 8,067,937	\$ 8,067,937

Nonmajor Proprietary Funds

- **Enterprise Funds**

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF TEHAMA
Combining Statement of Net Position
Nonmajor Enterprise Fund
June 30, 2016

	Health Center	Tehama County Sanitation District #1	Totals
ASSETS			
Current Assets:			
Cash and investments	\$ 1,206	\$ 146,321	\$ 147,527
Prepaid costs	-	1,015	1,015
Total Current Assets	<u>1,206</u>	<u>147,336</u>	<u>148,542</u>
Noncurrent Assets:			
Capital assets:			
Non-depreciable	-	38,047	38,047
Depreciable, net	-	821,038	821,038
Total capital assets	<u>-</u>	<u>859,085</u>	<u>859,085</u>
Total Noncurrent Assets	<u>-</u>	<u>859,085</u>	<u>859,085</u>
Total Assets	<u>1,206</u>	<u>1,006,421</u>	<u>1,007,627</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	-	1,547	1,547
Salaries and benefits payable	-	613	613
Accrued interest payable	-	5,670	5,670
Bonds payable	<u>-</u>	<u>17,000</u>	<u>17,000</u>
Total Current Liabilities	<u>-</u>	<u>24,830</u>	<u>24,830</u>
Noncurrent Liabilities:			
Bonds payable	<u>-</u>	<u>361,000</u>	<u>361,000</u>
Total Noncurrent Liabilities	<u>-</u>	<u>361,000</u>	<u>361,000</u>
Total Liabilities	<u>-</u>	<u>385,830</u>	<u>385,830</u>
NET POSITION			
Net investment in capital assets	-	481,085	481,085
Unrestricted	<u>1,206</u>	<u>139,506</u>	<u>140,712</u>
Total Net Position	<u>\$ 1,206</u>	<u>\$ 620,591</u>	<u>\$ 621,797</u>

COUNTY OF TEHAMA
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Fund
For the Year Ended June 30, 2016

	Health Center	Tehama County Sanitation District #1	Totals
OPERATING REVENUES			
Charges for services	\$ -	\$ 152,806	\$ 152,806
Other revenues	-	1	1
Total Operating Revenues	-	152,807	152,807
OPERATING EXPENSES			
Salaries and benefits	-	17,526	17,526
Services and supplies	-	80,792	80,792
Professional services	-	5,256	5,256
Depreciation	-	39,560	39,560
Total Operating Expenses	-	143,134	143,134
Operating Income (Loss)	-	9,673	9,673
NON-OPERATING REVENUE (EXPENSES)			
Interest income	10	1,145	1,155
Interest expense	-	(17,118)	(17,118)
Total Non-Operating Revenue (Expenses)	10	(15,973)	(15,963)
Change in Net Position	10	(6,300)	(6,290)
Total Net Position - Beginning	1,196	626,891	628,087
Total Net Position - Ending	\$ 1,206	\$ 620,591	\$ 621,797

COUNTY OF TEHAMA
Combining Statement of Cash Flows
Nonmajor Enterprise Fund
For the Year Ended June 30, 2016

	Health Center	Tehama County Sanitation District #1	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ -	\$ 153,681	\$ 153,681
Payments to suppliers	-	(86,966)	(86,966)
Payments to employees	-	(16,913)	(16,913)
Net Cash Provided (Used) by Operating Activities	-	49,802	49,802
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Non-operating revenues received	-	-	-
Net Cash Provided (Used) by Non-Capital Financing Activities	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on capital debt	-	(16,000)	(16,000)
Interest paid on capital debt	-	(17,359)	(17,359)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(33,359)	(33,359)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	10	1,145	1,155
Net Cash Provided (Used) by Investing Activities	10	1,145	1,155
Net Increase (Decrease) in Cash and Cash Equivalents	10	17,588	17,598
Balances - Beginning	1,196	128,733	129,929
Balances - Ending	\$ 1,206	\$ 146,321	\$ 147,527
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ -	\$ 9,673	\$ 9,673
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	-	39,560	39,560
Decrease (increase) in:			
Accounts receivable	-	874	874
Prepaid costs	-	(1,015)	(1,015)
Increase (decrease) in:			
Accounts payable	-	97	97
Salaries and benefits payable	-	613	613
Net Cash Provided (Used) by Operating Activities	\$ -	\$ 49,802	\$ 49,802

THIS PAGE INTENTIONALLY LEFT BLANK

Internal Service Funds

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF TEHAMA
Combining Statement of Net Position
Internal Service Funds
June 30, 2016

	<u>Risk Management</u>	<u>Dental Insurance</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and investments	\$ 2,026,686	\$ 608,262	\$ 2,634,948
Deposits with others	-	60,900	60,900
Prepaid costs	5,494	1,713	7,207
Total Current Assets	<u>2,032,180</u>	<u>670,875</u>	<u>2,703,055</u>
Noncurrent Assets:			
Capital assets:			
Depreciable, net	1,000	-	1,000
Total capital assets	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total Noncurrent Assets	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total Assets	<u>2,033,180</u>	<u>670,875</u>	<u>2,704,055</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension adjustments	53,839	-	53,839
Total Deferred Outflows of Resources	<u>53,839</u>	<u>-</u>	<u>53,839</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	2,533	64,174	66,707
Salaries and benefits payable	18,645	-	18,645
Compensated absences payable	9,630	-	9,630
Estimated claims liability	823,000	115,225	938,225
Total Current Liabilities	<u>853,808</u>	<u>179,399</u>	<u>1,033,207</u>
Noncurrent Liabilities:			
Compensated absences payable	1,070	-	1,070
Net pension liability	526,328	-	526,328
Net OPEB obligation	1,897	-	1,897
Total Noncurrent Liabilities	<u>529,295</u>	<u>-</u>	<u>529,295</u>
Total Liabilities	<u>1,383,103</u>	<u>179,399</u>	<u>1,562,502</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension adjustments	53,347	-	53,347
Total Deferred Inflows of Resources	<u>53,347</u>	<u>-</u>	<u>53,347</u>
NET POSITION			
Investment in capital assets	1,000	-	1,000
Unrestricted	649,569	491,476	1,141,045
Total Net Position	<u>\$ 650,569</u>	<u>\$ 491,476</u>	<u>\$ 1,142,045</u>

COUNTY OF TEHAMA
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2016

	<u>Risk Management</u>	<u>Dental Insurance</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 3,011,788	\$ 790,260	\$ 3,802,048
Other revenues	84,329	-	84,329
Total Operating Revenues	<u>3,096,117</u>	<u>790,260</u>	<u>3,886,377</u>
OPERATING EXPENSES			
Salaries and benefits	482,833	-	482,833
Administration	198,043	-	198,043
Insurance	1,705	759,887	761,592
Professional services	59,376	76,162	135,538
Claims and judgments	2,897,794	-	2,897,794
Depreciation	1,000	-	1,000
Total Operating Expenses	<u>3,640,751</u>	<u>836,049</u>	<u>4,476,800</u>
Operating Income (Loss)	<u>(544,634)</u>	<u>(45,789)</u>	<u>(590,423)</u>
NON-OPERATING REVENUE (EXPENSES)			
Interest income	10,660	5,118	15,778
Total Non-Operating Revenue (Expenses)	<u>10,660</u>	<u>5,118</u>	<u>15,778</u>
Change in Net Position	(533,974)	(40,671)	(574,645)
Total Net Position - Beginning	<u>1,184,543</u>	<u>532,147</u>	<u>1,716,690</u>
Total Net Position - Ending	<u>\$ 650,569</u>	<u>\$ 491,476</u>	<u>\$ 1,142,045</u>

COUNTY OF TEHAMA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2016

	<u>Risk Management</u>	<u>Dental Insurance</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 3,096,117	\$ 790,260	\$ 3,886,377
Payments to suppliers	(3,087,841)	(764,913)	(3,852,754)
Payments to employees	(505,583)	-	(505,583)
Net Cash Provided (Used) by Operating Activities	<u>(497,307)</u>	<u>25,347</u>	<u>(471,960)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	10,660	5,118	15,778
Net Cash Provided (Used) by Investing Activities	<u>10,660</u>	<u>5,118</u>	<u>15,778</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(486,647)	30,465	(456,182)
Balances - Beginning	<u>2,513,333</u>	<u>577,797</u>	<u>3,091,130</u>
Balances - Ending	<u>\$ 2,026,686</u>	<u>\$ 608,262</u>	<u>\$ 2,634,948</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (544,634)	\$ (45,789)	\$ (590,423)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,000	-	1,000
Decrease (increase) in:			
Prepaid costs	(5,494)	(1,713)	(7,207)
Deferred pension adjustments - deferred outflows of resources	(7,542)	-	(7,542)
Increase (decrease) in:			
Accounts payable	(45,429)	64,174	18,745
Salaries and benefits payable	284	-	284
Compensated absences payable	1,129	-	1,129
Estimated claims liability	120,000	8,675	128,675
Deferred pension adjustments - deferred inflows of resources	(65,879)	-	(65,879)
Net pension liability	49,258	-	49,258
Net Cash Provided (Used) by Operating Activities	<u>\$ (497,307)</u>	<u>\$ 25,347</u>	<u>\$ (471,960)</u>

THIS PAGE INTENTIONALLY LEFT BLANK

Fiduciary Funds

- **Trust and Agency Funds**

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF TEHAMA
Combining Statement of Fiduciary Net Position
Investment Trust Funds
June 30, 2016

	Special Districts Governed by Local Boards	School Districts	Totals
	<u>Local Boards</u>	<u>School Districts</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ 4,356,446	\$ 55,385,646	\$ 59,742,092
Total Assets	<u>\$ 4,356,446</u>	<u>\$ 55,385,646</u>	<u>\$ 59,742,092</u>
NET POSITION			
Net position held in trust for pool participants	<u>4,356,446</u>	<u>55,385,646</u>	<u>59,742,092</u>
Total Net Position	<u>\$ 4,356,446</u>	<u>\$ 55,385,646</u>	<u>\$ 59,742,092</u>

COUNTY OF TEHAMA
Combining Statement of Changes in Fiduciary Net Position
Investment Trust Funds
For the Year Ended June 30, 2016

	Special Districts Governed by Local Boards	School Districts	Totals
ADDITIONS			
Contributions:			
Contributions to investment pool	\$ 431,030	\$ 12,684,455	\$ 13,115,485
Total Additions	<u>431,030</u>	<u>12,684,455</u>	<u>13,115,485</u>
DEDUCTIONS			
Distributions from investment pool	<u>135,198</u>	<u>4,028,454</u>	<u>4,163,652</u>
Total Deductions	<u>135,198</u>	<u>4,028,454</u>	<u>4,163,652</u>
Change in Net Position	295,832	8,656,001	8,951,833
Net Position - Beginning	<u>4,060,614</u>	<u>46,729,645</u>	<u>50,790,259</u>
Net Position - Ending	<u>\$ 4,356,446</u>	<u>\$ 55,385,646</u>	<u>\$ 59,742,092</u>

COUNTY OF TEHAMA
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2016

	County Departmental Agency Funds	Totals
ASSETS		
Cash and investments	\$ 18,252,491	\$ 18,252,491
Taxes receivable	6,231,918	6,231,918
Total Assets	\$24,484,409	\$24,484,409
LIABILITIES		
Advances from other funds	\$ 199,660	\$ 199,660
Agency obligations	24,284,749	24,284,749
Total Liabilities	\$24,484,409	\$24,484,409

COUNTY OF TEHAMA
Combining Statement of Changes in
Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2016

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
COUNTY DEPARTMENTAL AGENCY FUNDS				
ASSETS				
Cash and investments	\$ 18,631,635	\$ 8,450,547	\$ 8,829,691	\$ 18,252,491
Taxes receivable	5,233,200	6,231,918	5,233,200	6,231,918
Total Assets	<u>\$23,864,835</u>	<u>\$ 14,682,465</u>	<u>\$ 14,062,891</u>	<u>\$24,484,409</u>
LIABILITIES				
Advances from other funds	\$ 208,780	\$ -	\$ 9,120	\$ 199,660
Agency obligations	23,656,055	14,682,465	14,053,771	24,284,749
Total Liabilities	<u>\$23,864,835</u>	<u>\$ 14,682,465</u>	<u>\$ 14,062,891</u>	<u>\$24,484,409</u>