

**COUNTY OF LASSEN
SUSANVILLE, CALIFORNIA**

BASIC FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2015**

**COUNTY OF LASSEN
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

TABLE OF CONTENTS

	<u>Page</u>
 <u>FINANCIAL SECTION</u>	
Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
 Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	21
Statement of Activities and Changes in Net Position	22
Fund Financial Statements:	
Governmental Fund Financial Statements:	
Balance Sheet	26
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	29
Statement of Revenues, Expenditures and Changes in Fund Balances.....	30
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position	32
Proprietary Fund Financial Statements:	
Statement of Net Position	34
Statement of Revenues, Expenses and Changes in Net Position	35
Statement of Cash Flows.....	36
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Position	38
Statement of Changes in Fiduciary Net Position.....	39
Notes to the Basic Financial Statements	42

TABLE OF CONTENTS
(Continued)

Page

FINANCIAL SECTION (Continued)

Required Supplementary Information (Unaudited):

Budgets and Budgetary Accounting.....	86
Budgetary Comparison Schedules:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
General Fund.....	87
Road Fund	88
Community Development Fund	89
Welfare Administration Fund.....	90
Welfare Assistance Fund	91
Health and Human Services Fund	92
Public Safety Fund.....	93
County Local Revenue Fund.....	94
Schedule of Funding Progress.....	95
Proportionate Share of Net Pension Liability – Cost-Sharing Plan.....	96
Schedule of Contributions – Cost-Sharing Plan.....	97
Schedule of Changes in Net Pension Liability and Related Ratios – Agent Multiple Employer Plan	98
Schedule of Contributions – Agent Multiple Employer Plan.....	99

Supplemental Information:

Non-Major Governmental Funds:

Combining Balance Sheet	104
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	114

Non-Major Enterprise Funds:

Combining Statement of Net Position.....	124
Combining Statement of Revenues, Expenses and Changes in Net Position.....	125
Combining Statement of Cash Flows	126

Internal Service Funds:

Combining Statement of Net Position.....	128
Combining Statement of Revenues, Expenses and Changes in Net Position.....	129
Combining Statement of Cash Flows	130

INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
of the County of Lassen
Susanville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Lassen, California (the "County") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Lassen, California, as of June 30, 2015, 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

Change in Accounting Principle

As discussed in Note 16 in the financial statements, effective July 1, 2014, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. 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 on pages 4-17, budgetary comparison information on pages 87-94, schedule of funding progress – other post-employment benefits plan on page 95, proportionate share of net pension liability – cost-sharing plan on page 96, schedule of contributions – cost-sharing plan on page 97, and schedule of changes in net pension liability and related ratios – agent multiple employer plan on page 98, and schedule of contributions – agent multiple plan on page 99, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2016, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Price Pange & Company

Clovis, California
February 17, 2016

COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

FINANCIAL HIGHLIGHTS

Government-Wide Financial Analysis:

- The net position of the County at the close of the 2014-15 fiscal year was \$50,140,903. Of the net position, \$25,031,242 is restricted for specific purpose (*restricted net position*), and \$42,404,558 is the net invested in capital assets, net of related debt. This leaves an unrestricted net position of \$(17,294,897), compared to an unrestricted net position in the prior year of \$6,581,446. The swing in unrestricted net position from positive to negative was caused by the implementation of GASB Statement No. 68, a change in accounting method, which requires recording a future Net Pension Liability. While this liability is not new, this initial year recording created a large change in the balance of the County's net position. With the inclusion of this future liability, the government's total net position decreased by \$23,876,343 in comparison with prior year.

- The County's total non-current liabilities changed in comparison with the prior year as follows:

▪ Compensated absences	\$ (15,905)
▪ Claims & judgements payable	72,953
▪ Capital lease	3,942,987
▪ Net pension liability	<u>25,526,725</u>
Total increase of	<u>\$ 29,827,760</u>

The County's investment in capital assets decreased by \$6,130,765, the majority of this decrease is the sale of additional Herlong properties and capital lease obligation.

Financial Analysis of County's Funds:

- County governmental funds reported combined fund balance of \$41,513,114, an increase of \$6,651,025 in comparison with the prior year.

- Of the \$41,513,114, \$5,019,343 is considered to be **non-spendable** - legally or contractually required to be maintained intact; \$25,031,242 is considered to be **restricted** - constrained for a specific purpose by an outside party and is legally enforceable; there is no amount considered formally **committed** by the Board of Supervisors (by resolution); \$7,355,691 is considered **assigned** by the Board of Supervisors or delegated representative in an informal manner (board minutes, budget, purchase order, contract, etc.); and \$4,126,838 is considered **unassigned**.

- The County General Fund had \$0 in assigned fund balance and \$4,592,985 in unassigned fund balance, the total of \$4,592,985 or 56.23% of the total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components 1) **Government-wide** financial statements; 2) **Fund** financial statements and 3) **Notes** to the basic financial statements. **Required Supplementary Information** (RSI) is included in addition to the basic financial statements.

COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Government-Wide Financial Statements are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business.

- The *Statement of Net Position* presents information on 1) assets and deferred outflows of resources, 2) liabilities and deferred inflows of resources, and 3) the difference between them (net position). Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.
- The *Statement of Activities* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or in part a portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education and recreation. The business-type activities of the County include the County Service Area #1 (Honey Lake TV), County Business Parks, and County Water Systems.

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Proprietary funds are maintained two ways. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the County Service Area #1 (Honey Lake TV), county business parks, and county water systems operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its fleet maintenance and information technology systems functions. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise fund operations are not considered to be major funds of the County. The County's internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds except for agency funds.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information is presented concerning the County's major funds budgetary schedules. The County adopts an annual appropriated budget for its funds. A budgetary comparison schedule has been provided for the major funds to demonstrate compliance with this budget.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$50,140,903, at the close of the most recent fiscal year. However, in the current fiscal year ended June 30, 2015, the implementation of GASB Statement No. 68 created anomaly with the initial recording of the future Net Pension Liability.

The largest portion of the County's net position, \$42,404,558 reflects its investment in capital assets (e.g. land and easements, structures and improvements, infrastructure, and equipment), less any related debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. On June 30, 2015, the County had \$4,080,000 debt related to capital assets.

An additional portion of the County's net position, \$25,031,242, represents resources that are subject to external restrictions on how they may be used. At the end of the current fiscal year, the County reported positive balances in two of the three categories of net position.

**COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The County's Net Position decreased by \$32,423,945 during the current fiscal year. The net decrease in net position represents the implementation of GASB Statement No. 68.

In the business-type activities, the County reported unrestricted net position of \$12,186, and increase of \$23,831, which is partially a result of advances being forgiven by the Board of Supervisions.

During the current fiscal year, the County had an overall decrease in net position of \$(32,423,945). While the investments in capital assets, net of related debt, decreased by \$(6,130,765), the restricted net position increased by \$2,416,837 and the unrestricted net position decreased by \$(23,876,343). It should be noted that the changes in investments in capital assets are primarily related to the sale of assets in Herlong, which were surplus to the county and recorded on the books at insurance value and the recording of the debt related to the long term lease of \$4,080,000.

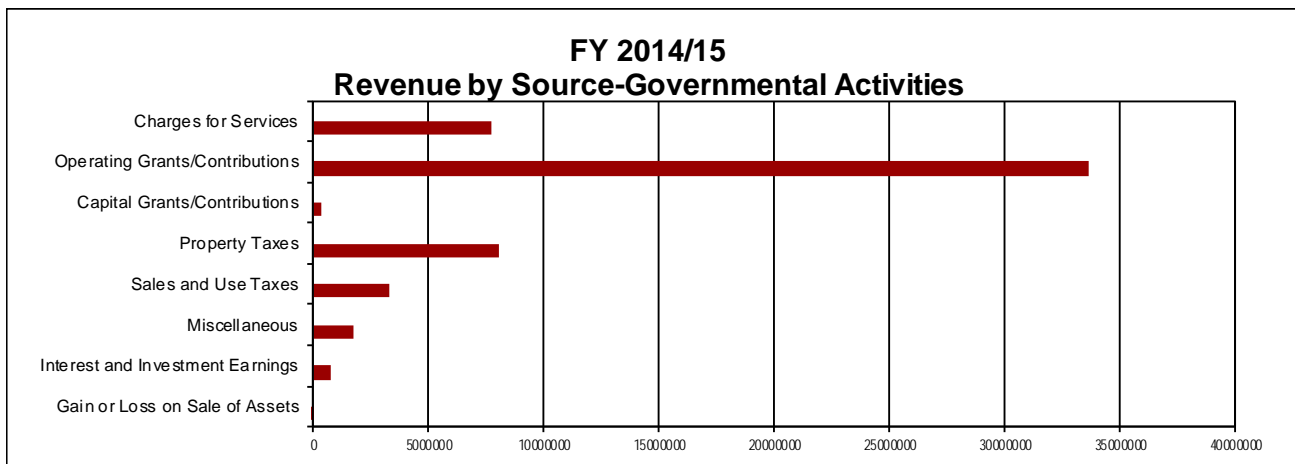
	Governmental Activities		Business-Type Activities		Totals		Variance (%)
	2015	2014	2015	2014	2015	2014	
Current and Other Assets	\$ 45,310,947	\$ 41,166,010	\$ 12,187	\$ (11,645)	\$ 45,323,134	\$ 41,154,365	10.13%
Long-Term Receivables	432,327	792,352	-	-	432,327	792,352	-45.44%
Capital Assets	45,560,640	47,569,820	923,918	965,503	46,484,558	48,535,323	-4.23%
Total Assets	<u>91,303,914</u>	<u>89,528,182</u>	<u>936,105</u>	<u>953,858</u>	<u>92,240,019</u>	<u>90,482,040</u>	<u>-39.53%</u>
Deferred outflows of resources	<u>2,762,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,762,440</u>	<u>-</u>	<u>-</u>
Current and Other Liabilities	5,225,076	6,168,189	-	-	5,225,076	6,168,189	-15.29%
Long-Term Liabilities	31,275,763	1,749,003	-	-	31,275,763	1,749,003	1688.21%
Total Liabilities	<u>36,500,839</u>	<u>7,917,192</u>	<u>-</u>	<u>-</u>	<u>36,500,839</u>	<u>7,917,192</u>	<u>1672.92%</u>
Deferred inflows of resources	<u>8,360,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,360,717</u>	<u>-</u>	<u>-</u>
Net Investment in Capital Assets	41,480,640	47,569,820	923,918	965,503	42,404,558	48,535,323	-12.63%
Restricted	25,031,242	27,448,079	-	-	25,031,242	27,448,079	-8.81%
Unrestricted	(17,307,084)	6,593,091	12,187	(11,645)	(17,294,897)	6,581,446	-362.78%
Total Net Position	<u>\$ 49,204,798</u>	<u>\$ 81,610,990</u>	<u>\$ 936,105</u>	<u>\$ 953,858</u>	<u>\$ 50,140,903</u>	<u>\$ 82,564,848</u>	<u>-39.27%</u>

**COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

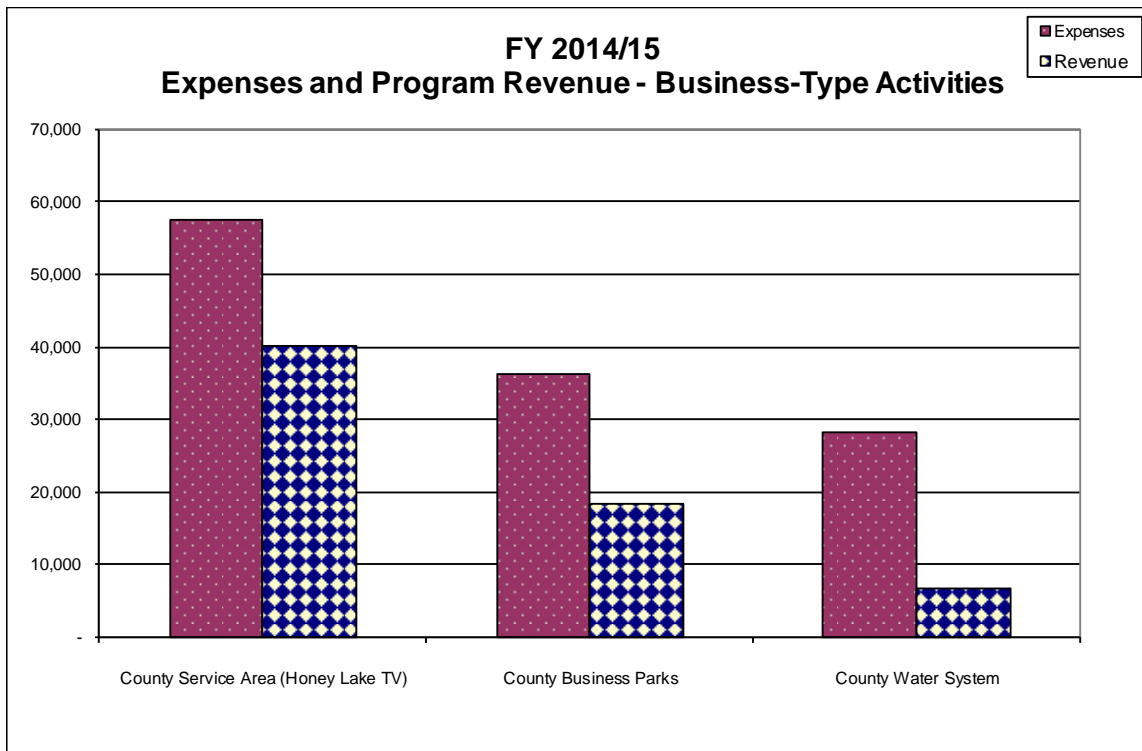
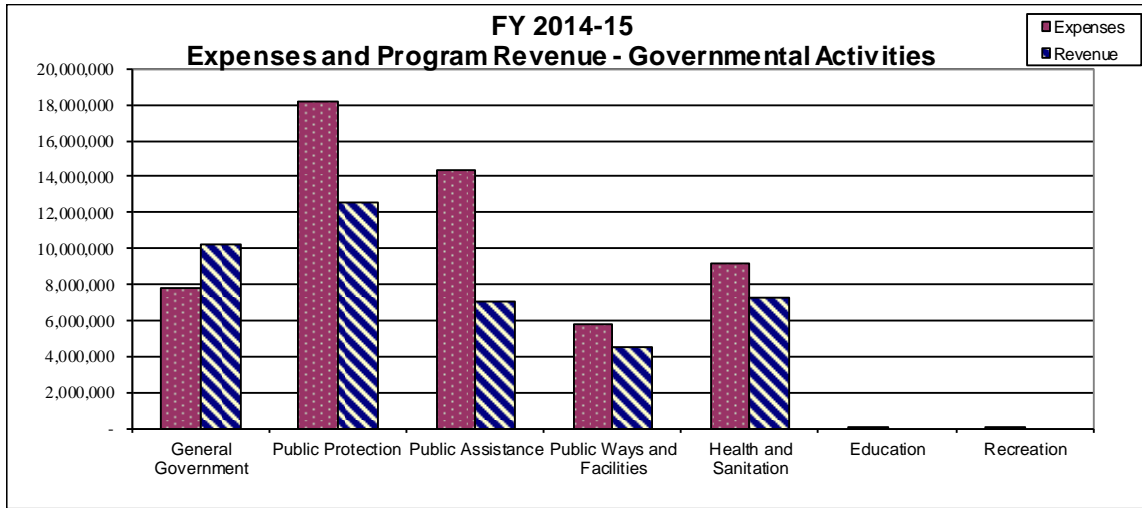
The following table indicates the changes in net position for governmental and business-type activities:

Statement of Activities For the Year Ended June 30, 2015							
	Governmental Activities		Business-Type Activities		Totals		Variance (%)
	2015	2014	2015	2014	2015	2014	
Revenues							
Charges for Services	\$ 7,741,971	\$ 7,629,247	\$ 64,822	\$ 80,365	\$ 7,806,793	\$ 7,709,612	1.3%
Operating Grants/Contributions	33,631,265	35,544,031	-	-	33,631,265	35,544,031	-5.4%
Capital Grants/Contributions	342,927	138,966	-	-	342,927	138,966	146.8%
Property Taxes	8,083,552	8,712,749	-	-	8,083,552	8,712,749	-7.2%
Sales and Use Taxes	3,297,959	4,638,718	-	-	3,297,959	4,638,718	-28.9%
Miscellaneous	1,756,842	1,687,091	39,152	1,295	1,795,994	1,688,386	6.4%
Interest and Investment Earnings	773,683	705,022	-	-	773,683	705,022	9.7%
Gain or Loss on Sale of Assets	(1,047,491)	(4,010,715)	167	28	(1,047,324)	(4,010,687)	-73.9%
Total Revenues	<u>54,580,708</u>	<u>55,045,109</u>	<u>104,141</u>	<u>81,688</u>	<u>54,684,849</u>	<u>55,126,797</u>	<u>-0.8%</u>
Expenses							
General Government	7,843,524	9,081,370	-	-	7,843,524	9,081,370	-13.6%
Public Protection	18,159,182	17,782,267	-	-	18,159,182	17,782,267	2.1%
Public Assistance	14,339,190	15,352,976	-	-	14,339,190	15,352,976	-6.6%
Public Ways and Facilities	5,770,051	5,894,156	-	-	5,770,051	5,894,156	-2.1%
Health and Sanitation	9,181,413	9,240,066	-	-	9,181,413	9,240,066	-0.6%
Education	77,554	73,885	-	-	77,554	73,885	5.0%
Recreation	111,961	87,564	-	-	111,961	87,564	27.9%
(Honey Lake TV)	-	-	57,556	46,226	57,556	46,226	24.5%
County Business Parks	-	-	36,134	34,972	36,134	34,972	3.3%
County Water System	-	-	28,204	4,318	28,204	4,318	553.2%
Total Expenses	<u>55,482,875</u>	<u>57,512,284</u>	<u>121,894</u>	<u>85,516</u>	<u>55,604,769</u>	<u>57,597,800</u>	<u>-3.5%</u>
Excess (Deficiency) of Revenues Over (Under) Expenses	(902,167)	(2,467,175)	(17,753)	(3,828)	(919,920)	(2,471,003)	-62.8%
Transfers	-	4,310	-	(4,310)	-	-	-
Change in Net Position	<u>(902,167)</u>	<u>(2,462,865)</u>	<u>(17,753)</u>	<u>(8,138)</u>	<u>(919,920)</u>	<u>(2,471,003)</u>	<u>-62.8%</u>
Net Position - Beginning	81,610,990	84,073,855	953,858	961,996	82,564,848	85,035,851	-2.9%
Change in accounting principle	(31,504,025)	-	-	-	(31,504,025)	-	-
Net Position - Beginning (restated)	<u>50,106,965</u>	<u>84,073,855</u>	<u>953,858</u>	<u>961,996</u>	<u>51,060,823</u>	<u>85,035,851</u>	<u>-2.9%</u>
Net Position - Ending	<u>\$ 49,204,798</u>	<u>\$ 81,610,990</u>	<u>\$ 936,105</u>	<u>\$ 953,858</u>	<u>\$ 50,140,903</u>	<u>\$ 82,564,848</u>	<u>-39.3%</u>



**COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)



**COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses *fund accounting* to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The general government functions are contained in the General, Special Revenue, Debt Service, and Capital Project Funds. Included in these funds are the special districts governed by the Board of Supervisors. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *total fund balance less the non-spendable portion* is a useful measure of a government's net resources available for spending at the end of the fiscal year.

**Net Change in Fund Balance
Governmental Funds**

	FY2014/15	FY2013/14	Increase (Decrease)	
			Amount	Percent
Fund Balance - Beginning of Year, restated	\$ 34,862,089	\$ 32,806,588	\$ 2,055,501	6.27%
Revenues	57,428,733	57,960,118	(531,385)	-0.92%
Expenditures	(55,007,353)	(56,024,859)	1,017,506	-1.82%
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,421,380	1,935,259	486,121	25.12%
Other Financing Sources (Uses)	4,229,645	120,242	4,109,403	3417.61%
Fund Balance - End of Year	<u>\$ 41,513,114</u>	<u>\$ 34,862,089</u>	<u>\$ 6,651,025</u>	<u>19.08%</u>

At June 30, 2015, the County's governmental funds reported total fund balances of \$41,513,114, an increase of \$6,651,025 in comparison with the prior year's total ending fund balance. The components of total fund balance are as follows (for more information, see Note 9 - Fund Balances):

- *Non-spendable fund balance*, \$5,019,343, represents amounts that are not in spendable form, or are legally or contractually required to be maintained intact, and are made up of 1) advances and deposits of \$4,282,088; 2) roads inventory of \$737,255.
- *Restricted fund balance*, \$25,031,242, consists of amounts with constraints put on their use by externally imposed creditors, grantors, contributions, laws, regulations or enabling legislation. See the table in Note 9 for schedule of restricted funds.
- *Committed fund balance*, none; this would be amounts for specific purposes determined by the Board of Supervisors by resolution.
- *Assigned fund balance*, \$7,355,691, represents amounts designated by the Board of Supervisors or delegated representative in an informal manner (board minutes, budget, purchase order, contract, etc.);
- *Unassigned fund balance*, \$4,126,838, represents the residual classification for the County's General Fund of \$4,592,985 as well as governmental funds where expenditures exceeded the available (or allowable) funds in their respective special revenue funds, including the Community Development Fund of (\$466,147).

Approximately 87.91%, or \$36,493,771, of the total fund balance is available to meet the County's current and future needs. With the approval of the Board of Supervisors, County management can earmark a portion of the fund balance to a particular function, project or activity, and can also earmark it for purposes beyond the current year, within the constraints applied to the various categories of the fund balance. With the exception of the non-spendable portion, fund balances are available for appropriation at any time.

**COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

General Fund: The General Fund is the main operating fund of the County. At June 30, 2015, the spendable fund balance consisted of unassigned totaling \$4,592,985 and restricted totaling \$85,607. The County's General Reserve, \$3,174,766, is included in the unassigned fund balance. Including \$4,262,088 in non-spendable funds, the total fund balance reached \$8,940,680, an increase of 14.93% or \$1,161,334 from the prior year.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (continued)

As a measure of the General Fund's liquidity, it may be useful to compare both spendable and total fund balance to total fund expenditures. Spendable fund balance represents 56.23% of total General Fund expenditures, while the total fund balance represents 109.45% of total General Fund expenditures. It should be noted that Other Financing Uses (transfers) are not included in this comparison.

The County's management also assigns (earmarks) fund balance to a particular function, project, or activity. Fund balance may also be assigned for purposes beyond the current year. However, the assigned fund balance is available for appropriation at any time.

Other Government Funds: The other major governmental funds' fund balances changed as follows: Road \$(385,330), Health and Human Services \$606,500, Public Safety \$(259,792), Community Development \$114,095 Welfare Administration \$1,126,307, Welfare Assistance \$708,730, and County Local Revenue \$(702,030). The non-major governmental funds changed by \$4,281,211.

None of the County's non-major governmental funds had deficit fund balances.

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

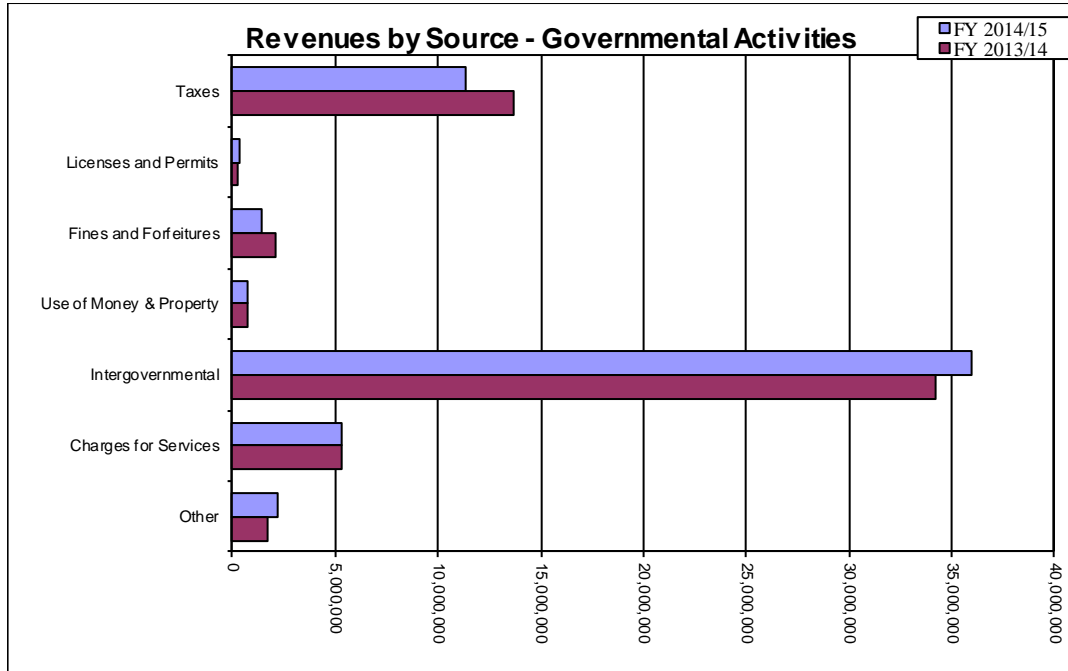
**Revenues Classified by Source
Governmental Funds**

	FY 2014/15		FY 2013/14		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Revenue by Source:						
Taxes	\$ 11,381,510	19.82%	\$ 13,647,088	23.55%	\$ (2,265,578)	-16.60%
Licenses and Permits	325,453	0.57%	228,871	0.39%	96,582	42.20%
Fines and Forfeitures	1,443,208	2.51%	2,149,302	3.71%	(706,094)	-32.85%
Use of Money and Property	796,556	1.39%	727,389	1.25%	69,167	9.51%
Intergovernmental	35,942,835	62.59%	34,184,413	58.98%	1,758,422	5.14%
Charges for Services	5,283,897	9.20%	5,304,902	9.15%	(21,005)	-0.40%
Other	2,255,274	3.93%	1,718,153	2.96%	537,121	31.26%
Total	\$ 57,428,733	100.00%	\$ 57,960,118	100.00%	\$ (531,385)	-0.92%

**COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (continued)

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



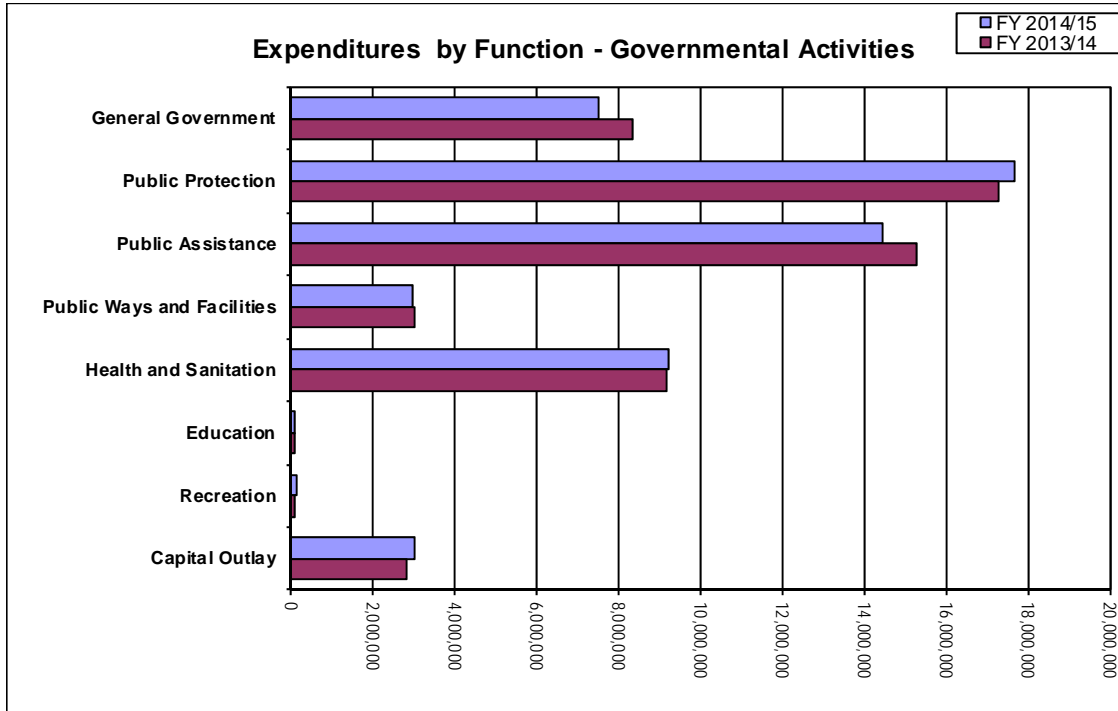
The following table presents expenditures by function compared to prior year amounts.

	FY 2014/15		FY 2013/14		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Expenditures by Function:						
General Government	\$ 7,511,685	13.66%	\$ 8,320,550	14.85%	\$ (808,865)	-9.72%
Public Protection	17,683,410	32.15%	17,287,866	30.86%	395,544	2.29%
Public Assistance	14,443,338	26.26%	15,289,586	27.29%	(846,248)	-5.53%
Public Ways and Facilities	2,975,464	5.41%	2,988,142	5.33%	(12,678)	-0.42%
Health and Sanitation	9,194,488	16.72%	9,178,131	16.38%	16,357	0.18%
Education	81,527	0.15%	73,684	0.13%	7,843	10.64%
Recreation	105,832	0.19%	83,463	0.15%	22,369	26.80%
Capital Outlay	3,011,609	5.47%	2,803,437	5.00%	208,172	7.43%
Total	\$ 55,007,353	100.00%	\$ 56,024,859	100.00%	\$ (1,017,506)	-1.82%

**COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (continued)

The following graph shows an illustrative picture of how County funds were spent.



Other financing sources and uses, and special items are presented below to illustrate changes from the prior year.

**Other Financing Sources (Uses)
Governmental Funds**

	FY2014/15	FY2013/14	Increase (Decrease)	
			Amount	Percent
Transfers In	\$ 22,893,798	\$ 22,346,684	\$ 547,114	2.45%
Transfers Out	(22,893,798)	(22,342,374)	(551,424)	2.47%
Net Financing Sources (Uses)	\$ -	\$ 4,310	\$ (4,310)	-100.00%

**COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (continued)

**Special Items
Governmental Funds**

	FY2014/15	FY2013/14	Increase (Decrease)	
			Amount	Percent
Extraordinary Revenue	\$ -	\$ -	\$ -	0.00%
Extraordinary Expenditures	-	-	-	0.00%
Net Special Items	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>0.00%</u>

Proprietary Funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Enterprise funds report the business-type activities of the County. Enterprise funds are used to account for County Service Area #1 (Honey Lake TV), county business parks, county water systems operations. It is to be noted that the county water system was closed and all assets transferred to the City of Susanville during FY 2014-15.

**Net Change in Fund Balances
Enterprise Funds**

	FY2014/15	FY2013/14	Increase (Decrease)	
			Amount	Percent
Total Net Position - Beginning	\$ 953,858	\$ 961,996	\$ (8,138)	-0.85%
Revenues	66,131	81,660	(15,529)	-19.02%
Expenditures	(96,894)	(85,516)	(11,378)	13.31%
Operating Income (Loss)	(30,763)	(3,856)	(26,907)	697.80%
Non-Operating Revenues (Expenses)	13,010	28	12,982	46364.29%
Transfers In/Out	-	(4,310)	4,310	-100.00%
Change Net Position	(17,753)	(8,138)	(9,615)	118.15%
Fund Balance - Ending	<u>\$ 936,105</u>	<u>\$ 953,858</u>	<u>\$ (17,753)</u>	<u>-1.86%</u>

The net position of the enterprise funds decreased (\$17,753). Operating revenues decreased (19.02%) while operating expenses increased by 13.31%. The County Water System's operation was closed and assets transferred to the City of Susanville and the debt forgiven by the Board of Supervisors in 2014-15.

**COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (continued)

Internal service funds are an accounting device to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for information technology services and vehicle maintenance.

**Net Change in Fund Balances
Internal Service Funds**

	FY2014/15	FY2013/14	Increase (Decrease)	
			Amount	Percent
Total Net Position - Beginning	\$ 934,515	\$ 1,327,352	\$ (392,837)	-29.60%
Revenues	1,593,059	1,431,711	161,348	11.27%
Expenditures	(1,410,845)	(1,379,100)	(31,745)	2.30%
Operating Income (Loss)	182,214	52,611	129,603	246.34%
Non-Operating Revenues (Expenses)	23,888	(12,884)	36,772	-285.41%
Transfers In/Out	-	-	-	0.00%
Change Net Position	206,102	39,727	166,375	418.80%
Fund Balance - Ending	\$ 1,140,617	\$ 1,367,079	\$ (226,462)	-16.57%

Unrestricted net position of the internal service funds at June 30, 2015 was \$358,408. Net investment in capital assets was \$792,209.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Board of Supervisors revised the County's budget many times. Each time a grant or specific revenue enhancement is made available to a County program that requires new appropriations, a budget amendment is required.

The mid-year review is a formal process by which each department is analyzed for expense and revenue trends. Adjustments are recommended where indicated and monitored for the remainder of the year. Unless there is some unforeseen and unusual circumstance that causes a budget overrun, a draw on the Contingency Reserve is not recommended.

Differences between the General Fund original budget and the final amended budget resulted in a projected \$(369,500) net decrease in fund balance.

Even with these adjustments, actual expenditures were \$1,023,231 below final budgeted appropriation amounts. Resources available for appropriation were \$261,789 over the final budgeted resource amounts.

**COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

GENERAL FUND BUDGETARY HIGHLIGHTS (continued)

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

**Budgetary Comparison
General Fund**

	Original Budget	Final Budget	Net Change	
			Amount	Percent
Total Revenues	\$ 16,783,985	\$ 18,664,113	\$ 1,880,128	11.20%
Total Expenditures	(8,694,807)	(9,191,906)	(497,099)	5.72%
Other Financing Sources (Uses)	(8,589,931)	(10,342,460)	(1,752,529)	20.40%
Net Change in Fund Balances	<u>\$ (500,753)</u>	<u>\$ (870,253)</u>	<u>\$ (369,500)</u>	<u>73.79%</u>

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

**Budgetary Comparison
General Fund**

	Final Budget	Actual Amounts	Net Change	
			Amount	Percent
Total Revenues	\$ 18,664,113	\$ 18,925,902	\$ 261,789	1.40%
Total Expenditures	(9,191,906)	(8,168,675)	1,023,231	-11.13%
Other Financing Sources (Uses)	(10,342,460)	(9,595,893)	746,567	-7.22%
Net Change in Fund Balances	<u>\$ (870,253)</u>	<u>\$ 1,161,334</u>	<u>\$ 2,031,587</u>	<u>-233.45%</u>

**COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

CAPITAL ASSETS

The County's total investment in capital assets as of June 30, 2015 amounted to \$42,404,558 net of accumulated depreciation and related debt. This investment in a broad range of capital assets includes land, infrastructure (roads and bridges), structures and improvements, and equipment. In June 2015, the County entered into a Capital Lease for the amount of the \$4,080,000, which is securitized by the juvenile hall building.

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

	Capital Assets					
	Governmental Activities		Business-Type Activities		Totals	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Land	\$ 2,256,100	\$ 3,435,889	\$ 317,519	\$ 342,519	\$ 2,573,619	\$ 3,778,408
Structures and Improvements	21,446,552	21,185,186	802,390	802,390	22,248,942	21,987,576
Equipment	14,857,569	14,665,767	389,783	369,413	15,247,352	15,035,180
Infrastructure	64,532,517	63,545,458	-	-	64,532,517	63,545,458
Construction in Progress	2,040,474	898,900	39,440	39,440	2,079,914	938,340
Total	<u>105,133,212</u>	<u>103,731,200</u>	<u>1,549,132</u>	<u>1,553,762</u>	<u>106,682,344</u>	<u>105,284,962</u>
Accumulated Depreciation	<u>(59,572,572)</u>	<u>(56,161,380)</u>	<u>(625,214)</u>	<u>(588,259)</u>	<u>(60,197,786)</u>	<u>(56,749,639)</u>
Net Capital Assets	<u>\$ 45,560,640</u>	<u>\$ 47,569,820</u>	<u>\$ 923,918</u>	<u>\$ 965,503</u>	<u>\$ 46,484,558</u>	<u>48,535,323</u>

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

	Additions	Transfers	Retirements (Net)	Prior Year Adjustments	Current Year Depreciation	Net Change
Land	\$ 17,500	\$ -	\$ (1,197,289)	\$ -	\$ -	\$ (1,179,789)
Construction in Progress	1,141,574	-	-	-	-	1,141,574
Infrastructure	987,059	-	-	-	(2,519,937)	(1,532,878)
Structures and Improvements	261,366	-	-	-	(601,471)	(340,105)
Equipment	897,871	-	(706,069)	-	(289,784)	(97,982)
Totals	<u>\$ 3,305,370</u>	<u>\$ -</u>	<u>\$ (1,903,358)</u>	<u>\$ -</u>	<u>\$ (3,411,192)</u>	<u>\$ (2,009,180)</u>

LONG TERM LIABILITIES

The long-term liabilities of the County include liabilities for compensated absences, insurance claims, capital leases and net pension liability. At June 30, 2015, the County had total long-term liabilities of \$33,758,888 of which \$2,483,125 will be due within one year and \$31,275,763 will be due beyond one year.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Lassen County Auditor's Office at 221 South Roop Street, Susanville, California 96130.

THIS PAGE IS LEFT BLANK INTENTIONALLY.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

THIS PAGE IS LEFT BLANK INTENTIONALLY.

**COUNTY OF LASSEN
STATEMENT OF NET POSITION
JUNE 30, 2015**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash investments	\$ 37,483,502	\$ 32,187	\$ 37,515,689
Imprest cash	7,530	-	7,530
Deposits with others	4,262,088	-	4,262,088
Interest receivable	129,592	-	129,592
Accounts receivable	64,548	-	64,548
Due from other governmental entities	2,351,388	-	2,351,388
Internal balances	20,000	(20,000)	-
Prepaid expense	13,643	-	13,643
Inventory	737,255	-	737,255
Long-term receivables, net of allowances	432,327	-	432,327
Other post-employment benefit surplus	241,401	-	241,401
Capital assets:			
Non-depreciable	4,296,574	356,959	4,653,533
Depreciable, net	41,264,066	566,959	41,831,025
Total assets	<u>91,303,914</u>	<u>936,105</u>	<u>92,240,019</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pensions	<u>2,762,440</u>	<u>-</u>	<u>2,762,440</u>
Total deferred outflows of resources	<u>2,762,440</u>	<u>-</u>	<u>2,762,440</u>
LIABILITIES			
Accounts payable	398,906	-	398,906
Salaries and benefits payable	677,121	-	677,121
Due to other governmental entities	26,919	-	26,919
Unearned revenue	1,639,005	-	1,639,005
Capital lease - due within one year	137,013	-	137,013
Compensated absences - due within one year	810,091	-	810,091
Claims and judgment payable - due within one year	1,536,021	-	1,536,021
Noncurrent liabilities:			
Compensated absences - due in more than one year	270,030	-	270,030
Claims and judgment payable - due in more than one year	1,536,021	-	1,536,021
Capital lease - due in more than one year	3,942,987	-	3,942,987
Net pension liability	25,526,725	-	25,526,725
Total liabilities	<u>36,500,839</u>	<u>-</u>	<u>36,500,839</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pensions	<u>8,360,717</u>	<u>-</u>	<u>8,360,717</u>
Total deferred inflows from pensions	<u>8,360,717</u>	<u>-</u>	<u>8,360,717</u>
NET POSITION			
Net investment in capital assets	41,480,640	923,918	42,404,558
Restricted	25,031,242	-	25,031,242
Unrestricted	<u>(17,307,084)</u>	<u>12,187</u>	<u>(17,294,897)</u>
Total net position	<u>\$ 49,204,798</u>	<u>\$ 936,105</u>	<u>\$ 50,140,903</u>

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

COUNTY OF LASSEN
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Total
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 7,843,524	\$ 4,918,554	\$ 5,312,868	\$ -	\$ 10,231,422
Public protection	18,159,182	1,200,542	11,374,981	40,492	12,616,015
Public ways and facilities	5,770,051	58,211	4,196,576	302,435	4,557,222
Health and sanitation	9,181,413	1,198,467	5,168,313	-	6,366,780
Public assistance	14,339,190	366,197	7,551,529	-	7,917,726
Education	77,554	-	-	-	-
Recreation and culture	111,961	-	26,998	-	26,998
Total governmental activities	<u>55,482,875</u>	<u>7,741,971</u>	<u>33,631,265</u>	<u>342,927</u>	<u>41,716,163</u>
Business-type activities:					
County service area (Honey Lake TV)	57,556	40,019	-	-	40,019
County business park	36,134	18,231	-	-	18,231
County water system	<u>28,204</u>	<u>6,572</u>	<u>-</u>	<u>-</u>	<u>6,572</u>
Total business-type activities	<u>121,894</u>	<u>64,822</u>	<u>-</u>	<u>-</u>	<u>64,822</u>
Total primary government	<u>\$ 55,604,769</u>	<u>\$ 7,806,793</u>	<u>\$ 33,631,265</u>	<u>\$ 342,927</u>	<u>\$ 41,780,985</u>

General revenues:

Taxes:

Property taxes

Sales and use taxes

Miscellaneous

Unrestricted interest and investment earning

Gain/loss on sale of assets

Total general revenues and transfers

Change in net position

Net position - beginning of year (restated)

Net position - end of year

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

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ 2,387,898	\$ -	\$ 2,387,898
(5,543,167)	-	(5,543,167)
(1,212,829)	-	(1,212,829)
(2,814,633)	-	(2,814,633)
(6,421,464)	-	(6,421,464)
(77,554)	-	(77,554)
<u>(84,963)</u>	<u>-</u>	<u>(84,963)</u>
<u>(13,766,712)</u>	<u>-</u>	<u>(13,766,712)</u>
-	(17,537)	(17,537)
-	(17,903)	(17,903)
<u>-</u>	<u>(21,632)</u>	<u>(21,632)</u>
<u>-</u>	<u>(57,072)</u>	<u>(57,072)</u>
<u>(13,766,712)</u>	<u>(57,072)</u>	<u>(13,823,784)</u>
8,083,552	-	8,083,552
3,297,959	-	3,297,959
1,756,842	39,152	1,795,994
773,683	167	773,850
<u>(1,047,491)</u>	<u>-</u>	<u>(1,047,491)</u>
<u>12,864,545</u>	<u>39,319</u>	<u>12,903,864</u>
(902,167)	(17,753)	(919,920)
<u>50,106,965</u>	<u>953,858</u>	<u>51,060,823</u>
<u>\$ 49,204,798</u>	<u>\$ 936,105</u>	<u>\$ 50,140,903</u>

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

THIS PAGE IS LEFT BLANK INTENTIONALLY.

FUND FINANCIAL STATEMENTS

**COUNTY OF LASSEN
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015**

	Major Funds			
	General	Road Fund	Community Development	Welfare Admin.
ASSETS				
Cash and investments	\$ 6,234,931	\$ 4,550,383	\$ 985,208	\$ 1,512,278
Imprest cash	-	100	-	-
Deposits with others	4,262,088	-	-	-
Due from other governmental entities	144,383	137,975	37,046	208,541
Due from other funds	44,144	-	-	-
Advances to other funds	-	-	-	-
Investment interest receivable	129,592	-	-	-
Accounts receivable	8,854	-	29,264	-
Prepaid expenses	-	-	-	-
Inventory	-	737,255	-	-
Long-term receivables	-	-	394,111	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 10,823,992</u>	<u>\$ 5,425,713</u>	<u>\$ 1,445,629</u>	<u>\$ 1,720,819</u>
LIABILITIES				
Accounts payable	\$ 93,949	\$ 56,040	\$ 2,623	\$ 5,000
Accrued salaries	134,571	56,094	3,171	74,450
Due to other governmental entities	9,444	-	-	-
Due to other funds	6,343	-	-	-
Unearned revenue	1,639,005	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,883,312</u>	<u>112,134</u>	<u>5,794</u>	<u>79,450</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	423,375	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>423,375</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Non-spendable:				
Advances and deposits	4,262,088	-	-	-
Inventory	-	737,255	-	-
Restricted	85,607	4,576,324	1,482,607	1,641,369
Assigned	-	-	-	-
Unassigned	4,592,985	-	(466,147)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>8,940,680</u>	<u>5,313,579</u>	<u>1,016,460</u>	<u>1,641,369</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 10,823,992</u>	<u>\$ 5,425,713</u>	<u>\$ 1,445,629</u>	<u>\$ 1,720,819</u>

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

Major Funds					
Welfare Assistance	Health and Human Services	Public Safety	County Local Revenue Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 1,125,446	\$ 6,220,154	\$ 811,579	\$ 1,150,995	\$ 14,096,221	\$ 36,687,195
-	3,469	3,961	-	-	7,530
-	-	-	-	-	4,262,088
138,305	546,446	133,733	-	1,004,958	2,351,387
-	-	102,438	-	6,343	152,925
-	-	-	-	20,000	20,000
-	-	-	-	-	129,592
-	-	5,794	-	20,636	64,548
3,643	-	-	-	10,000	13,643
-	-	-	-	-	737,255
-	-	-	-	38,216	432,327
<u>\$ 1,267,394</u>	<u>\$ 6,770,069</u>	<u>\$ 1,057,505</u>	<u>\$ 1,150,995</u>	<u>\$ 15,196,374</u>	<u>\$ 44,858,490</u>
\$ -	\$ 152,406	\$ 20,348	\$ -	\$ 65,187	\$ 395,553
-	130,188	160,149	12,900	97,860	669,383
-	-	-	-	17,475	26,919
-	-	-	-	146,582	152,925
-	-	-	-	-	1,639,005
-	<u>282,594</u>	<u>180,497</u>	<u>12,900</u>	<u>327,104</u>	<u>2,883,785</u>
-	-	-	-	38,216	461,591
-	-	-	-	38,216	461,591
-	-	-	-	20,000	4,282,088
-	-	-	-	-	737,255
1,267,394	6,487,475	-	1,138,095	8,352,371	25,031,242
-	-	877,008	-	6,458,683	7,335,691
-	-	-	-	-	4,126,838
<u>1,267,394</u>	<u>6,487,475</u>	<u>877,008</u>	<u>1,138,095</u>	<u>14,831,054</u>	<u>41,513,114</u>
<u>\$ 1,267,394</u>	<u>\$ 6,770,069</u>	<u>\$ 1,057,505</u>	<u>\$ 1,150,995</u>	<u>\$ 15,196,374</u>	<u>\$ 44,858,490</u>

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

THIS PAGE IS LEFT BLANK INTENTIONALLY.

COUNTY OF LASSEN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

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

Total fund balances - government funds	\$ 41,513,114
Loans receivable and other long-term receivables are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	461,591
Capital assets used in governmental activities were not current financial resources; therefore, they were not reported in the governmental funds balance sheet.	44,778,430
Pension related deferrals are reported as deferred outflows and inflows of resources on the statement of net position.	(5,488,141)
Internal service funds were used by the County to charge the cost of fleet services and telephone services to individual funds. The assets and liabilities of the internal service funds were included in governmental activities in the government-wide statement of net position.	1,140,617
Long-term liabilities were not due and payable in the current period; therefore, they were not reported in the governmental funds balance sheet.	
Other post-employment benefit surplus	241,401
Compensated absences	(1,080,121)
Claims liability	(3,072,042)
Long-term capital-related debt	(4,080,000)
Net pension liability	(25,210,051)
Total net position - governmental activities	\$ 49,204,798

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

COUNTY OF LASSEN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Major Funds			
	General	Road Fund	Community Development	Welfare Admin.
REVENUES				
Taxes	\$ 8,745,528	\$ -	\$ -	\$ -
Licenses and permits	312,568	5,764	-	-
Intergovernmental	5,387,051	4,498,966	128,906	4,346,639
Charges for services	2,780,409	52,447	1,750	2,520
Fines and forfeitures	621,863	-	-	-
Use of money and property	55,716	35,661	55,262	4,427
Other revenues	<u>1,022,767</u>	<u>37,126</u>	<u>11,084</u>	<u>97,703</u>
Total revenues	<u>18,925,902</u>	<u>4,629,964</u>	<u>197,002</u>	<u>4,451,289</u>
EXPENDITURES				
Current:				
General government	5,764,493	-	-	-
Public protection	2,156,070	-	-	-
Public ways and facilities	-	2,940,220	-	-
Health and sanitation	-	-	-	-
Public assistance	-	-	307,885	6,004,129
Education	81,527	-	-	-
Recreation and culture	22,621	-	-	-
Capital outlay	<u>143,964</u>	<u>2,075,074</u>	<u>-</u>	<u>55,423</u>
Total expenditures	<u>8,168,675</u>	<u>5,015,294</u>	<u>307,885</u>	<u>6,059,552</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,757,227</u>	<u>(385,330)</u>	<u>(110,883)</u>	<u>(1,608,263)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds of capital lease	-	-	-	-
Sale of capital assets	149,645	-	-	-
Transfers in	552,482	-	224,978	2,734,570
Transfers out	<u>(10,298,020)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(9,595,893)</u>	<u>-</u>	<u>224,978</u>	<u>2,734,570</u>
Net change in fund balances	1,161,334	(385,330)	114,095	1,126,307
Fund balances - beginning of year	<u>7,779,346</u>	<u>5,698,909</u>	<u>902,365</u>	<u>515,062</u>
Fund balances - end of year	<u>\$ 8,940,680</u>	<u>\$ 5,313,579</u>	<u>\$ 1,016,460</u>	<u>\$ 1,641,369</u>

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

Major Funds					
Welfare Assistance	Health and Human Services	Public Safety	County Local Revenue Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 84,113	\$ -	\$ 2,551,869	\$ 11,381,510
-	5,037	950	-	1,134	325,453
4,063,890	3,288,911	1,380,124	5,930,105	6,918,243	35,942,835
-	1,551,365	193,050	-	702,356	5,283,897
-	15,840	102,114	-	703,391	1,443,208
-	51,599	8,177	-	585,714	796,556
90,576	46,077	534,547	1,044	414,350	2,255,274
<u>4,154,466</u>	<u>4,958,829</u>	<u>2,303,075</u>	<u>5,931,149</u>	<u>11,877,057</u>	<u>57,428,733</u>
-	-	571,062	-	1,176,130	7,511,685
-	183,286	9,384,403	584,284	5,375,367	17,683,410
-	-	-	-	35,244	2,975,464
-	6,913,174	-	-	2,281,314	9,194,488
7,224,079	856,848	-	361	50,036	14,443,338
-	-	-	-	-	81,527
-	-	-	-	83,211	105,832
-	101,711	80,978	-	554,459	3,011,609
<u>7,224,079</u>	<u>8,055,019</u>	<u>10,036,443</u>	<u>584,645</u>	<u>9,555,761</u>	<u>55,007,353</u>
<u>(3,069,613)</u>	<u>(3,096,190)</u>	<u>(7,733,368)</u>	<u>5,346,504</u>	<u>2,321,296</u>	<u>2,421,380</u>
-	-	-	-	4,080,000	4,080,000
-	-	-	-	-	149,645
3,863,758	3,705,004	7,473,576	-	4,339,430	22,893,798
(85,415)	(2,314)	-	(6,048,534)	(6,459,515)	(22,893,798)
<u>3,778,343</u>	<u>3,702,690</u>	<u>7,473,576</u>	<u>(6,048,534)</u>	<u>1,959,915</u>	<u>4,229,645</u>
708,730	606,500	(259,792)	(702,030)	4,281,211	6,651,025
<u>558,664</u>	<u>5,880,975</u>	<u>1,136,800</u>	<u>1,840,125</u>	<u>10,549,843</u>	<u>34,862,089</u>
<u>\$ 1,267,394</u>	<u>\$ 6,487,475</u>	<u>\$ 877,008</u>	<u>\$ 1,138,095</u>	<u>\$ 14,831,054</u>	<u>\$ 41,513,114</u>

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

COUNTY OF LASSEN
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

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

Net change in fund balances - governmental funds		\$ 6,651,025
<p>Governmental funds reported capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the costs of those assets were allocated over their estimated useful lives as depreciation expense.</p>		
Expenditures for general capital assets, infrastructure, and other related capital asset adjustments recorded as capital outlays on the governmental fund financial statements.	3,026,565	
Less current year disposal	(1,197,289)	
Less current year depreciation recorded in the government-wide financial statements.	<u>(3,827,407)</u>	
		(1,998,131)
<p>Changes to net pension liability and pension related deferred outflows and inflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
		373,271
<p>Revenues that have not met the revenue recognition criteria in the fund financial statements are recognized as revenue in the government-wide financial statements. This amount represents the change in deferred revenue from the prior year.</p>		
		(1,968,650)
<p>The issuance of long-term debt provides current financial resources to governmental funds, this transaction, however, has no effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amount are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
		(4,080,000)
<p>Certain expenses reported in the statement of activities and changes in net position do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Change in compensated absences		63,619
Change in other postemployment benefits		(3,497)
Change in claim liabilities		(145,906)
<p>Internal service funds were used by management to charge the costs of certain activities to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.</p>		
		<u>206,102</u>
Change in net position of governmental activities		<u>\$ (902,167)</u>

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

PROPRIETARY FUND FINANCIAL STATEMENTS

**COUNTY OF LASSEN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015**

	<u>Business-Type Activities Enterprise Funds Nonmajor Funds</u>	<u>Governmental Activities Internal Service Funds</u>
ASSETS		
Current assets:		
Cash and investments	\$ 32,187	\$ 796,307
Total current assets	<u>32,187</u>	<u>796,307</u>
Noncurrent assets:		
Capital assets:		
Non-depreciable	356,959	-
Depreciable, net	<u>566,959</u>	<u>782,209</u>
Total noncurrent assets	<u>923,918</u>	<u>782,209</u>
Total assets	<u>956,105</u>	<u>1,578,516</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows from pensions	<u>-</u>	<u>40,413</u>
Total deferred outflows of resources	<u>-</u>	<u>40,413</u>
LIABILITIES		
Current liabilities:		
Accounts payable	-	3,351
Salaries and benefits payable	<u>-</u>	<u>7,738</u>
Total current liabilities	<u>-</u>	<u>11,089</u>
Noncurrent liabilities:		
Advances from other funds	20,000	-
Net pension liability	<u>-</u>	<u>316,674</u>
Total noncurrent liabilities	<u>20,000</u>	<u>316,674</u>
Total liabilities	<u>20,000</u>	<u>327,763</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows from pensions	<u>-</u>	<u>150,549</u>
Total deferred inflows of resources	<u>-</u>	<u>150,549</u>
NET POSITION		
Net investment in capital assets	923,918	782,209
Unrestricted	<u>12,187</u>	<u>358,408</u>
Total net position	<u>\$ 936,105</u>	<u>\$ 1,140,617</u>

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

COUNTY OF LASSEN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-Type Activities Enterprise Funds Nonmajor Funds	Governmental Activities Internal Service Funds
Operating revenues:		
Charges for services	\$ 64,822	\$ 1,563,777
Other revenue	1,309	29,282
Total operating revenues	66,131	1,593,059
Operating expenses:		
Salaries and benefits	-	280,601
Services and supplies	59,939	840,390
Depreciation	36,955	289,854
Total operating expenses	96,894	1,410,845
Operating income (loss)	(30,763)	182,214
Nonoperating revenues (expenses):		
Debt forgiveness	37,843	-
Contributions to other governments	(25,000)	-
Interest income	167	1,804
Gain (loss) on disposal of assets	-	22,084
Total nonoperating revenues (expenses)	13,010	23,888
Change in net position	(17,753)	206,102
Net position, beginning of year (restated)	953,858	934,515
Net position, end of year	\$ 936,105	\$ 1,140,617

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

**COUNTY OF LASSEN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	Business-Type Activities Enterprise Funds Nonmajor Funds	Governmental Activities Internal Service Funds
Cash flows from operating activities:		
Cash received from customers	\$ 108,505	\$ -
Cash received from interfund services provided	-	1,593,059
Cash payments to suppliers for goods and services	(59,940)	(837,041)
Cash paid to employees for services	-	(294,646)
Net cash provided by (used) for operating activities	<u>48,565</u>	<u>461,372</u>
Cash flows from noncapital financing activities:		
Advances to/from other funds	(48,529)	-
Net cash provided by (used) for noncapital financing activities	<u>(48,529)</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Proceeds from sale of assets	-	22,084
Payments related to the acquisition of capital assets	(20,370)	(278,801)
Net cash provided by (used) for capital and related financing activities	<u>(20,370)</u>	<u>(256,717)</u>
Cash flows from investing activities:		
Interest received	167	1,804
Net cash provided by (used) for investing activities	<u>167</u>	<u>1,804</u>
Net increase (decrease) in cash and cash equivalents	(20,167)	206,459
Cash and cash equivalents, beginning of year	52,354	589,848
Cash and cash equivalents, end of year	<u>\$ 32,187</u>	<u>\$ 796,307</u>
Reconciliation of operating income (loss) to net cash provided by (used) for operating activities:		
Operating income (loss)	\$ (30,763)	\$ 182,214
Adjustments to reconcile operating income (loss) to net cash provided by (used) for operating activities:		
Depreciation	36,955	289,854
Changes in assets and liabilities:		
(Increase)/decrease in deferred outflows of resources for pensions		(40,413)
(Increase)/decrease in due from other government	4,532	-
Increase/(decrease) in due to other funds	37,841	-
Increase/(decrease) in accounts payable	-	3,348
Increase/(decrease) in accrued salaries	-	(8,290)
Increase/(decrease) in accrued salaries	-	150,549
Increase/(decrease) in net pension liability	-	(115,890)
Net cash provided by (used) for operating activities	<u>\$ 48,565</u>	<u>\$ 461,372</u>

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

FIDUCIARY FUND FINANCIAL STATEMENTS

**COUNTY OF LASSEN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015**

	<u>Investment Trust</u>	<u>Agency Funds</u>
ASSETS		
Cash and investments	\$ 33,173,004	\$ 9,646,895
Taxes receivable	<u>-</u>	<u>2,636,159</u>
Total assets	<u>33,173,004</u>	<u>12,283,054</u>
LIABILITIES		
Agency obligations	<u>-</u>	<u>12,283,054</u>
Total liabilities	<u>-</u>	<u>\$ 12,283,054</u>
NET POSITION		
Held in trust for investment pool participants	<u>\$ 33,173,004</u>	

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

**COUNTY OF LASSEN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	Investment Trust
ADDITIONS	
Contributions	\$ 82,757,227
Revenue from use of money and property	99,790
Total additions	82,857,017
DEDUCTIONS	
Distributions from pooled investment	75,982,402
Total deductions	75,982,402
Change in net position	6,874,615
Net position, beginning of year	26,298,389
Net position, end of year	\$ 33,173,004

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

THIS PAGE IS LEFT BLANK INTENTIONALLY.

NOTES TO THE BASIC FINANCIAL STATEMENTS

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of the County of Lassen (the County) is presented to assist in understanding the County's financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

A. Financial Reporting Entity

The accounting methods and procedures adopted by the County conform to generally accepted accounting principles as applied to governmental entities. These financial statements present the government and its component units, entities for which the government is considered to be financially accountable.

Reporting for component units on the County's financial statements can be blended or discretely presented. Blended component units, although legally separate entities, are in substance, part of the government's operations. Blended component units are an extension of the County and data from these units are combined with the data of the County. Each component has a June 30 year-end.

Blended Component Units

The Lassen County Public Facilities Corporation (the "Corporation") is a nonprofit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State on July 1, 1998. The Corporation's Board of Directors members are named by designated county elected or appointed position held, per the Corporation's bylaws. The Corporation has no other members and has no employees.

The County exercises significant influence over operations of the Corporation as it is anticipated that the County will be the sole lessee of all facilities owned by the Corporation. All major financing arrangements, contracts, and other transactions of the Corporation will be reflected in the lease payments of the County. Any surpluses of the Corporation revert to the county at the end of the lease period.

The County has assumed "moral obligation", and potentially a legal obligation, for any debt incurred by the Corporation. The Corporation was formed to provide financing assistance to the County for construction and acquisition of major capital facilities. Upon completion, the County intends to occupy all Corporation facilities. The Corporation has assigned certain rights under the lease agreement to TPB Investments, Inc. c/o Western Alliance Bank. The Corporation's financial activity is presented in the financial statements as the Debt Service Fund. Capital Assets acquired or constructed by the Corporation are included in the Statement of Net Position-Governmental Activities column.

Lassen County Community Development Commission, the Bieber Lighting District, Lassen-Modoc Flood Control District, and County Service Area #1 are districts governed by the County Board of Supervisors. The component units' governing body is substantially the same as the primary government; hence, these units are presented by blending them with the primary government.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting and Measurement Focus

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below. The accounting policies of the County conform to GAAP in the United States for local governmental units. The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purpose of which they are to be spent and means by which spending activities are controlled.

Government-Wide Financial Statements

The County's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental and business-type activities for the County accompanied by a total column. Fiduciary activities of the County are not included in these statements.

These basic financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the County's net position and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the County in three categories:

- Fees, fines, and charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column, if any. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to and from other funds
- Advances to and from other funds
- Transfers in and out

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. The County has presented all major funds that met the applicable criteria.

The County reports the following major governmental funds:

General Fund accounts for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as legislative and administrative, personnel, finance, counselor, elections, and property management.

Road Fund accounts for all revenues and expenditures necessary to carry out basic governmental activities of the County that relate to public thoroughways not accounted for through other funds.

Community Development Fund, also known as Economic Development, is used to account for monies received from State and Federal governments and loaned by the County to individuals and businesses to encourage economic growth.

Welfare Administration Fund accounts for all revenue and expenditures necessary to carry out basic governmental activities of the County that relate to Social Services programs, including social services administration, general relief, protective and community services.

Welfare Assistance Fund accounts for all revenue and expenditures necessary to carry out basic governmental activities of the County related to social services programs including CalWORKS and Foster Care.

Health and Human Services Fund accounts for all revenues and expenditures necessary to carry out basic governmental activities of the County that relate to health programs, children's programs and veterans services, such as public health, mental health, veterans services, public guardian, and drug and alcohol programs.

Public Safety Fund accounts for all revenues and expenditures necessary to carry out basic governmental activities of the County that relate to Public Safety, such as police protection, detention, public defender, and district attorney.

County Local Revenue Fund accounts for funding activity associated with 2011 Public Safety Realignment and shall be used exclusively for public safety services as defined in statute.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

Revenues are recognized when “measurable” and “available”. Measurable means knowing or being able to reasonably estimate the amount. Available means having been earned and collectible within the current period or within 60 days after year-end for property tax revenues, and 180 days after year-end with limited exceptions extending the availability period for certain grant revenues. Expenditures (including capital outlay) are recorded when the related liability is incurred, except for debt service expenditures (principal and interest), as well as expenditures related to compensated absences, which are reported when due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Unavailable revenue arises when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the unavailable/unearned revenue is removed from the balance sheet and revenue is recognized.

Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach of GASB Statement No. 34.

Proprietary Fund Financial Statements

The County reports the following proprietary funds:

Enterprise Funds are used to report an activity for which a fee is charged to external users for goods and services. The County’s enterprise funds include County Service Area #1, which provides telecommunication services, county business parks, and a county water system.

Internal Service Funds account for vehicle fleet maintenance and information technology operations that provide services to other departments or agencies of the County, or to other governments, on a cost reimbursement basis.

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. The County has no major proprietary funds.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements (Continued)

The County reports the following Fiduciary Funds:

Investment Trust Funds account for the external portion of the County Treasurer's investment pool, which commingles resources of legally separate local governments within the County, in an investment portfolio for the benefit of all participants. These entities include school and community college districts, special districts that are governed by local boards, regional boards and authorities. The County separately maintains the entities' monies in individual funds; these funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.

Agency Funds are custodial in nature and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to entities at some future time. These funds account for assets held by the County in an agency capacity for other government units.

Fiduciary fund financial statements include a Statement of Fiduciary Net Position for Investment Trust Funds and all Agency Funds, and a Statement of Changes in Fiduciary Net Position for the Investment Trust Fund.

C. Cash, Cash Equivalents and Investments

The County follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal agents. Each fund type's portion of this pool is displayed on the combined balance sheet as cash and investments. Investments are stated at cost, which is not significantly different than fair value in accordance with the provisions of GASB Statement No. 31.

For purposes of the statement of cash flows of the proprietary fund types, cash and cash equivalents include all investments, as the County operates an internal cash management pool which maintains the general characteristics of a demand deposit account.

D. Receivables

Receivables consist mostly of amounts due from other government agencies. Management believes its receivables are fully collectible except for its long-term receivables on the Community Development Housing loans. It is the County's policy (with the exception of Community Development) to only record receivables as revenue at year-end and to verify those receivables are collected within 60 days. Any receivables noted that are expected to be received after 60 days are recorded as unavailable revenue in the governmental fund financial statements.

E. Deposits with Others

Deposits with others consist of deposits with Trindel Insurance Fund of \$4,262,088.

F. Inventory

Inventory is valued at cost. Road inventory consists of road supplies, fuel and various consumable items. The consumption method of accounting is used. The cost is recorded as an expenditure at the time individual inventory items are used. In governmental funds, reported inventories are equally offset by their categorization as "nonspendable" fund balances.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Capital Assets

Capital assets (including infrastructure and intangibles) are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets include assets consisting of roads, bridges, buildings, equipment, water/sewer systems, lighting systems, drainage systems, and flood control. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide financial statements and proprietary funds.

Easement and right-a-way costs are included in the cost of the structure or infrastructure with which they are associated.

The estimated useful lives are as follows:

Infrastructure	5-50 years
Structures and improvements	7-40 years
Equipment	3-10 years

H. Compensated Absences

In the governmental funds, compensated absences (unpaid vacation and other compensatory time off) are recorded as expenditures in the year paid. The County's policy is to liquidate any unpaid vacation at June 30 from future resources rather than current available expendable resources, so the entire unpaid liability for the governmental funds is recorded in the government-wide financial statements.

Unused vacation benefits may be accrued up to a maximum of 254 hours and are paid to employees upon termination. Other compensatory time off is accrued and paid to employees upon termination at 100%. Unused sick leave benefits do not vest with the employee and are lost upon termination. Therefore, unused sick leave benefits have not been accrued.

I. Revenue Recognition - Property Taxes

Property taxes are levied on real and personal property known as secured and unsecured taxes, respectively. A mid-year completion of construction or transfer of property will generate a supplemental tax bill reflecting the market value at that time. This bill is in addition to the regular roll and may be due at various time of the year.

Property taxes attach as an enforceable lien on January 1. Taxes are levied on July 1 and are payable in two installments, December 10 and April 10. All general property taxes are then allocated by the County Auditor's Office to the various taxing entities per the legislation implementing Proposition 13. The method of allocation used by the County is subject to review by the State of California. County property tax revenues are recognized when levied in accordance with the guidelines for implementation of the Teeter Plan for reporting property taxes.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Revenue Recognition - Property Taxes (Continued)

The Teeter Plan allows the County to allocate secured and utility property taxes to jurisdictions, including the County, at 100% of the billed amount rather than the actual tax collection. The County collects all future delinquent tax payments, penalties and interest. Special tax assessments are not included in the Teeter Plan.

Once adopted, the Teeter Plan remains in effect unless either the County Board of Supervisors or resolutions from two-thirds of the participating jurisdictions order it discontinued.

J. Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reports as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". In the governmental funds financial statements, the noncurrent advances between funds are offset by a corresponding nonspendable portion of fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

K. Use of Estimates

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

L. Net Position/Fund Balances

In the Government-Wide Financial Statements, net position is classified in the following categories:

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction or improvement of the assets.

Restricted - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of government.

Unrestricted - This amount is unrestricted by external creditors, grantors, contributors, or laws or regulations of governments. Unrestricted net position represents all resources that do not meet the definition of net investment in capital assets or restricted net position as defined above.

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the County is bound to honor constraints on how specific amounts can be spent.

Nonspendable fund balance - amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Position/Fund Balances (Continued)

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

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

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

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

The County has established a fund within the General Fund known as the General Reserve. The intended use of the fund is to have resources available for future budgetary and cash flow needs. For the period ending June 30, 2015, the General Reserve is included as part of the unassigned fund balance of the General Fund.

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

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

M. Pensions

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

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Pronouncements

New Accounting Pronouncements Adopted

Governmental Accounting Standards Board Statement No. 68

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statement No. 27. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The requirements of this statement are effective for the County’s fiscal year ending June 30, 2015.

As of July 1, 2014, the County adopted the provisions of GASB Statement No. 68 and restated the beginning net position of the County’s governmental activities, and internal service funds to record the net pension liability (see Note 16). The implementation of GASB Statement No. 68 enhanced the County’s pension disclosures as described in Note 10 and the required supplementary information.

Governmental Accounting Standards Board Statement No. 69

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. The objective of this statement is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. The statement requires disclosure to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The requirements of this statement are effective for the County’s fiscal year ending June 30, 2015. The requirements of this statement were considered but had no effect on the County for the current fiscal year.

Governmental Accounting Standards Board Statement No. 71

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The objective of this statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability. The requirements of this statement are effective for the County’s fiscal year ending June 30, 2015.

As of July 1, 2014, the County adopted the provisions of GASB Statement No. 71 and restated the beginning net position of the County’s governmental activities, and internal service funds to record the net pension liability (see Note 16). The implementation of GASB Statement No. 71 enhanced the County’s pension disclosures as described in Note 10 and the required supplementary information.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Pronouncements (Continued)

New Accounting Pronouncements Not Yet Adopted

Governmental Accounting Standards Board Statement No. 72

In February 2015, GASB issued 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 for financial reporting purposes and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements for this provision are effective for the County's fiscal year ending June 30, 2016.

Governmental Accounting Standards Board Statement No. 73

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and accessing accountability. This statement results from comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this statement are effective for the County's fiscal year ending June 30, 2017.

Governmental Accounting Standards Board Statement No. 74

On June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This statement replaces Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures*. The requirements of this statement are effective for the County's fiscal year ending June 30, 2017.

Governmental Accounting Standards Board Statement No. 75

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The requirements of this statement are effective for the County's fiscal year ending June 30, 2018.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Pronouncements (Continued)

New Accounting Pronouncements Not Yet Adopted (Continued)

Governmental Accounting Standards Board Statement No. 76

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to identify - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements for this statement are effective for the County's fiscal year ending June 30, 2016.

NOTE 2 - CASH AND INVESTMENTS

The County sponsors an investment pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities. Cash and investments for most County activities are included in the investment pool. Interest earned on the investment pool is distributed to the participating funds using a formula based on the average daily cash balance of each fund.

The investment pool includes both voluntary and involuntary participation from external entities. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer.

The County's investment pool is not registered with the Securities and Exchange Commission as an investment company. Investments made by the Treasurer are regulated by the California Government Code and by the County's investment policy. The objectives of the policy are in order of priority, safety, liquidity, yield, and public trust.

The County has established a treasury oversight committee to monitor and review the management of public funds maintained by the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the Board of Supervisors every month. The report covers the type of investments in the pool, maturity dates, par value, actual costs and fair value.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 - CASH AND INVESTMENTS (Continued)

At June 30, 2015, total County cash and investments (excluding imprest funds of \$7,530) were as follows:

Cash:	
Cash on hand	\$ 3,248
Cash in U.S. Bank	21,386,728
Outside Treasurer's Pool-EBT Account	230,800
Less outstanding warrants	<u>(2,205,990)</u>
 Total deposits	 <u>19,414,786</u>
Investments:	
In Treasurer's Pool	<u>60,920,802</u>
 Total investments	 <u>60,920,802</u>
 Total cash and investments	 <u><u>\$ 80,335,588</u></u>

Total cash and investments at June 30, 2015 were presented on the County's financial statements as follows:

Cash and investments in the Treasurer's Pool:	
Primary government	\$ 37,515,689
Investment trust fund	33,173,004
Agency funds	<u>9,646,895</u>
 Total cash and investments	 <u><u>\$ 80,335,588</u></u>

The carrying amounts of the County's cash deposits were \$19,414,786 at June 30, 2015. Bank balances as of June 30, 2015 were \$21,386,728, which were fully insured and collateralized with securities held by the pledging financial institutions in the County's name as discussed in the following.

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

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

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 - CASH AND INVESTMENTS (Continued)

A. Investments

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Issued by Lassen County	5 years	10%	No limit
U.S. Treasury Obligations	5 years	No limit	No limit
Obligations to the State of California	1 year	10%	No limit
Other local agency bonds, notes or warrants	1 year	10%	No limit
Federal agency obligations	5 years	70% or 40% callable issues	50%
Banker's acceptances	180 days	40%	10%
Commercial paper	180 days	40%	10%
Negotiable certificates of deposit	1 year	30%	10%
Medium-term corporate notes	5 years	30%	10%
Money Market Mutual Funds	N/A	20%	10%
Local Agency Investment Fund	N/A	No limit	\$50M
Other local government pools	N/A	No limit	No limit

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

At June 30, 2015, the County had the following investments:

<u>Investment Type</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Percent of Portfolio</u>
Certificates of Deposit	0.6%-2.1	12/4/15-6/15/20	\$ 2,920,000	\$ 2,910,070	4.78%
Corporate	1.0-2.75%	5/3/18-6/23/20	6,063,755	5,998,485	9.85%
Federal Agency Issues - Coupon	0.375%-2%	6/24/16-8/28/29	23,890,534	23,771,414	39.02%
Municipal	1.80%	4/1/2020	1,990,680	1,977,900	3.25%
US Treasury	1.1-1.25%	7/6/18-10/31/18	3,995,312	4,203,172	6.90%
LAIF	0.0023	On demand	22,060,521	22,060,521	36.21%
			<u>\$ 60,920,802</u>	<u>\$ 60,921,562</u>	<u>100.00%</u>

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 - CASH AND INVESTMENTS (Continued)

B. Interest Rate Risk

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

Investment Type	Cost	Less than 1	1 to 2	2 to 3	3 to 4	4 to 5
Certificates of Deposit	\$ 2,920,000	\$ 1,212,000	\$ -	\$ -	\$ -	\$ 1,708,000
Corporates	6,063,755	-	-	1,517,155	2,791,207	1,755,393
Federal Agency Issues - Coupon	23,890,534	-	6,108,820	8,370,052	6,168,565	3,243,097
Municipal	1,990,680	-	-	-	-	1,990,680
US Treasury	3,995,312	-	-	3,995,313	-	-
LAIF	22,060,521	22,060,521	-	-	-	-
Total	\$ 60,920,802	\$ 23,272,521	\$ 6,108,820	\$ 13,882,520	\$ 8,959,772	\$ 8,697,170

C. Credit Risk

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

D. Concentrations of Credit Risk

At June 30, 2015, in accordance with State law and the County's Investment Policy, the County did not have 5% or more of its net investment in commercial paper, corporate bonds or medium term notes of a single organization, nor did it have 10% or more of its net investment in any one money market mutual fund. Investments in obligations of the U.S. governments, U.S. governmental agencies, or government-sponsored enterprises are exempt from these limitations.

At June 30, 2015, the County held its net investments in obligations of certificates of deposits (4.78%), corporate bonds (9.85%), federal agency issues (39.02%), municipal obligations (3.25%), US Treasury (6.90%), and the Local Agency Investment Fund (36.21%). These investments are not violations of state law or the investment policy, but are required disclosures for financial reporting.

**COUNTY OF LASSEN
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2015**

NOTE 2 - CASH AND INVESTMENTS (Continued)

D. Concentrations of Credit Risk (Continued)

The following is a summary of the credit quality distribution and concentration or credit risk by investment type as a percentage of the County Investment Pool's fair value at June 30, 2015:

	Credit Quality Ratings		% of Portfolio
	Moody's	S&P	
Certificates of Deposit	Aaa	AAA	4.78%
Corporate Bonds	A1	A-	9.85%
Federal Agency Issues - Coupon	AGY	AA+	39.02%
Municipal	Aa3	AA-	3.25%
US Treasury	TSY	TSY	6.90%
Local Agency Investment Fund	Not Rated	Not Rated	36.21%
Total			100.00%

E. Custodial Credit Risk

For investments and deposits held with fiscal agents custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or deposits that are in the possession of an outside party. At year-end, the County's investment pool and cash with fiscal agents had no securities exposed to custodial credit risk.

F. Local Agency Investment Fund

The County is a participant in the Local Agency Investment Fund (LAIF) which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Local Investment Advisory Board (LAIF Board) has oversight responsibility for LAIF. The LAIF Board consists of five members designated by State statute.

Investments in LAIF are available on demand and are reported at amortized cost. At June 30, 2015, the County had \$22,060,521 invested in LAIF. That total amount invested by all public agencies in LAIF on that day was \$71.5 billion.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 - CASH AND INVESTMENTS (Continued)

G. County Investment Pool Summary

The following represents a summary of net position and changes in net position for the Treasurer's Investment Pool as of June 30, 2015:

Statement of Net Position:	
Net position held for pool participants	\$ 80,335,588
Equity of internal investment pool participants	\$ 37,515,689
Equity of external investment pool participants	42,819,899
Total net position	\$ 80,335,588
Statement of Changes in Net Position:	
Investment earnings	\$ 346,836
Investment expenses	(135,074)
Net distribution to pool participants	12,038,260
Increase (decrease) in net position	12,250,022
Total net position:	
Beginning of year	68,085,566
End of year	\$ 80,335,588

NOTE 3 - RECEIVABLES

Management believes its receivables are fully collectible except for its long-term receivables on loans recorded in the Community and Economic Development, a major fund, and Economic Development and Housing Income Funds, a non-major fund. At June 30, 2015, the gross amount of these receivables was \$1,045,840, including current portion of \$29,264 classified as accounts receivable, and the allowance for uncollectible accounts was \$584,249, which resulted in a net amount of \$461,591.

<u>Loan Type</u>	<u>Balance as of June 30, 2015</u>
HUD - Home 93	\$ 16,509
CDBG - 317 Rev	38,216
HUD - Home 94	86,618
CDBG - 89 RLF	320,248
Total loans receivable	\$ 461,591

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 - CAPITAL ASSETS

A. Government-Wide Financial Statements

Capital assets activity of the governmental activities for the year ended June 30, 2015 was as follows:

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2015</u>
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 3,435,889	\$ 17,500	\$ (1,197,289)	\$ 2,256,100
Construction in progress	898,900	1,141,574	-	2,040,474
Total capital assets, not being depreciated	<u>4,334,789</u>	<u>1,159,074</u>	<u>(1,197,289)</u>	<u>4,296,574</u>
Capital assets, being depreciated:				
Infrastructure	63,545,458	987,059	-	64,532,517
Structures and improvements (includes leasehold improvements)	21,185,186	261,366	-	21,446,552
Equipment	14,665,767	897,871	(706,069)	14,857,569
Total capital assets, being depreciated	<u>99,396,411</u>	<u>2,146,296</u>	<u>(706,069)</u>	<u>100,836,638</u>
Less accumulated depreciation for:				
Infrastructure	(33,187,057)	(2,519,937)	-	(35,706,994)
Structures and improvements (includes leasehold improvements)	(11,214,979)	(601,471)	-	(11,816,450)
Equipment	(11,759,344)	(995,853)	706,069	(12,049,128)
Total accumulated depreciation	<u>(56,161,380)</u>	<u>(4,117,261)</u>	<u>706,069</u>	<u>(59,572,572)</u>
Total capital assets, being depreciated, net	<u>43,235,031</u>	<u>(1,970,965)</u>	<u>-</u>	<u>41,264,066</u>
Governmental activities capital assets, net	<u>\$ 47,569,820</u>	<u>\$ (811,891)</u>	<u>\$ (1,197,289)</u>	<u>\$ 45,560,640</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 406,394
Public protection	496,140
Public ways and facilities	2,814,465
Health and sanitation	65,365
Public assistance	45,043
Internal service funds	289,854
Total	<u>\$ 4,117,261</u>

Depreciation on capital assets held by the County's internal service funds is charged to the various functions based on their usage of the assets.

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 4 - CAPITAL ASSETS (Continued)

A. Government-Wide Financial Statements (Continued)

Capital assets activity of the business-type activities for the year ended June 30, 2015 was as follows:

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2015</u>
Business-Type Activities				
Capital assets, not being depreciated:				
Construction in progress	\$ 39,440	\$ -	\$ -	\$ 39,440
Land	342,519	-	(25,000)	317,519
Total capital assets, not being depreciated	<u>381,959</u>	<u>-</u>	<u>(25,000)</u>	<u>356,959</u>
Capital assets, being depreciated				
Structures and improvements	802,390	-	-	802,390
Equipment	369,413	20,370	-	389,783
Total capital assets, being depreciated	<u>1,171,803</u>	<u>20,370</u>	<u>-</u>	<u>1,192,173</u>
Less accumulated depreciation for:				
Structures and improvements	(284,030)	(20,742)	-	(304,772)
Equipment	(304,229)	(16,213)	-	(320,442)
Total accumulated depreciation	<u>(588,259)</u>	<u>(36,955)</u>	<u>-</u>	<u>(625,214)</u>
Total capital assets, being depreciated, net	<u>583,544</u>	<u>(16,585)</u>	<u>-</u>	<u>566,959</u>
Business-type activities capital assets, net	<u>\$ 965,503</u>	<u>\$ (16,585)</u>	<u>\$ (25,000)</u>	<u>\$ 923,918</u>

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

County Service Area (Honey Lake TV)	\$ 16,213
County Business Parks	<u>20,742</u>
Total	<u>\$ 36,955</u>

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 5 - LONG-TERM DEBT

The following is a summary of long-term liability transactions for the year ended June 30, 2015:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year	Due in More Than One Year
Governmental Activities:						
Compensated absences	\$ 1,143,740	\$ -	\$ (63,619)	\$ 1,080,121	\$ 810,091	\$ 270,030
Claims liability	2,926,136	1,185,998	(1,040,092)	3,072,042	1,536,021	1,536,021
Net pension liability	34,173,819	6,668,593	(15,315,687)	25,526,725	-	25,526,725
Capital lease	-	4,080,000	-	4,080,000	137,013	3,942,987
Total long-term liabilities	\$ 38,243,695	\$ 11,934,591	\$ (16,419,398)	\$ 33,758,888	\$ 2,483,125	\$ 31,275,763

Claims liability has typically been liquidated from the General Fund. Compensated absences are generally liquidated by the General Fund. Capital lease is the responsibility of the General Fund.

NOTE 6 - LEASE COMMITMENTS

Operating Leases

The County is committed under various non-cancelable operating leases for office buildings. The minimum future lease commitments on these leases are as follows:

Year Ending June 30,	Principal
2016	\$ 563,617
2017	372,171
2018	382,552
Total	\$ 1,318,340

Rent expenditures were \$570,617 for the year ended June 30, 2015.

Capital Leases

On June 4, 2015, the County entered into a twenty year capital lease agreement under which the related building would become the property of the County at the end of the lease agreement.

The following is a summary of the County's capital lease agreement as of June 30, 2015:

	Present Value of Remaining payments as of Stated interest rate	June 30, 2015
Juvenile Hall	4% \$	4,080,000

No assets have been recorded in the governmental activities because construction had not begun as of June 30, 2015.

**COUNTY OF LASSEN
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2015**

NOTE 6 - LEASE COMMITMENTS (Continued)

Capital Leases (Continued)

As of June 30, 2015, future minimum lease payments under capital leases was as follows:

	Year Ending June 30:	
	2016	\$ 300,214
	2017	300,214
	2018	300,214
	2019	300,214
	2020	300,214
	2021-2015	1,501,070
	2016-2030	1,501,070
	2031-2035	1,501,061
Total Future Minimum Lease Payments		6,004,271
Less: Interest		(1,924,271)
Present Value of Minum Lease Payments		\$ 4,080,000

NOTE 7 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables

Interfund receivables and payables represent borrowing between funds and regular services and supplies provided but not settled at year-end. The composition of interfund balances as of June 30, 2015 was as follows:

Advances to/from Other Funds

Between Governmental and Business-Type Activities

	Non-Major Enterprise Funds County Business	Total
	Parks	
Non-Major Governmental Funds:		
Economic Development and Housing Income	\$ 20,000	\$ 20,000
Total	\$ 20,000	\$ 20,000

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 - INTERFUND TRANSACTIONS (Continued)

Interfund Receivables/Payables (Continued)

Due to/from Other Funds

Between Funds within the Governmental Activities

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

Due to Other Funds	Due from Other Funds				
	Non-Major Governmental Funds				Total
	General	CCF	Prison	DA	
Equipment Replacement		Trial Program	Contracts		
General	\$ -	\$ 11,294	\$ -	\$ 32,850	\$ 44,144
Public Safety	-	-	102,438	-	102,438
Social Services Realignment	3,282	-	-	-	3,282
Public Health Realignment	3,061	-	-	-	3,061
Total	\$ 6,343	\$ 11,294	\$ 102,438	\$ 32,850	\$ 152,925

Transfers In/Out

Between Funds within the Governmental Activities

Transfers are for funding of capital projects, lease payments, debt service, and subsidies of various County operations and re-allocations of special revenues. The following schedule summarizes the County's transfer activity:

Transfers Out	Transfers In								
	Major Funds					Non-Major Special Revenue		Non-Major Capital Projects	Total
General	Community Development	Welfare Admin.	Welfare Assistance	Health and Human Services	Public Safety				
General	\$ -	\$ 14,261	\$ 465,993	\$ 160,000	\$ 201,363	\$ 5,980,793	\$ 3,475,610	\$ -	\$ 10,298,020
Welfare Assistance	-	-	-	-	85,415	-	-	-	85,415
Health and Human Services	-	-	-	-	-	-	2,314	-	2,314
County Local Revenue	-	-	1,551,647	2,363,902	1,419,682	504,848	208,455	-	6,048,534
Non-Major Special Revenue	552,482	210,717	716,930	1,339,856	1,998,544	787,935	203,388	-	5,809,852
Non-Major Capital Projects	-	-	-	-	-	200,000	299,663	150,000	649,663
Total	\$ 552,482	\$ 224,978	\$ 2,734,570	\$ 3,863,758	\$ 3,705,004	\$ 7,473,576	\$ 4,189,430	\$ 150,000	\$ 22,893,798

Between Governmental and Business-Type Activities

There were no transfers in/out between governmental and business-type activities during the fiscal year ended June 30, 2015.

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8 - DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The County has pension related items that qualify to be reported in deferred outflows of resources. The pension related deferred outflows of resources are described in detail in Note 9.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items that qualify for reporting in this category and they are unavailable revenues and pension deferrals.

- Unavailable revenues arise only under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet. Deferred inflows of resources reported in the governmental funds for unavailable revenues are as follows:

	Unavailable	Total
Community Development:		
Long-Term Receivables	\$ 423,375	\$ 423,375
Non-Major Funds:		
Long-Term Receivables	38,216	38,216
Total	\$ 461,591	\$ 461,591

- The County has pension related items that qualify to be reported in deferred inflows of resources. The pension related deferred inflows of resources are described in detail in Note 9.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 - FUND BALANCES

A detailed schedule of fund balances at June 30, 2015 was as follows:

	General	Roads	Community Develop.	Welfare Admin.	Welfare Assistance	Health and Human Services	Public Safety	County Local Revenue	Non-Major Governmental	Total
Nonspendable:										
Advances and Deposits	\$ 4,262,088	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ 4,282,088
Inventory	-	737,255	-	-	-	-	-	-	-	737,255
Total Nonspendable Fund Balance	4,262,088	737,255	-	-	-	-	-	-	20,000	5,019,343
Restricted:										
Purpose of Fund	-	4,576,324	1,482,607	1,641,369	1,267,394	6,487,475	-	1,138,095	-	16,593,264
Self-Insurance	85,607	-	-	-	-	-	-	-	-	85,607
Fish and Game	-	-	-	-	-	-	-	-	1,017	1,017
Mental Health Services Act	-	-	-	-	-	-	-	-	2,559,003	2,559,003
Aviation	-	-	-	-	-	-	-	-	377,201	377,201
TCF/Baliff	-	-	-	-	-	-	-	-	151,993	151,993
Supplemental Law Enforcement	-	-	-	-	-	-	-	-	183,187	183,187
Vital Statistics	-	-	-	-	-	-	-	-	73,638	73,638
Recorder Micrographics	-	-	-	-	-	-	-	-	162,257	162,257
Recorder Modernization	-	-	-	-	-	-	-	-	147,901	147,901
Recorder AB130	-	-	-	-	-	-	-	-	29,284	29,284
Inmate Welfare - State	-	-	-	-	-	-	-	-	65,785	65,785
Inmate Welfare - County	-	-	-	-	-	-	-	-	146,232	146,232
Narcotics Asset Forfeiture	-	-	-	-	-	-	-	-	36,705	36,705
Narcotics Task Force	-	-	-	-	-	-	-	-	118,121	118,121
Property Tax Delinquent Costs	-	-	-	-	-	-	-	-	33,964	33,964
Bieber Lighting District	-	-	-	-	-	-	-	-	29,594	29,594
Lassen-Modoc Flood Control	-	-	-	-	-	-	-	-	122,182	122,182
Geothermal	-	-	-	-	-	-	-	-	228,613	228,613
Mental Health Realignment	-	-	-	-	-	-	-	-	873,853	873,853
Social Services Realignment	-	-	-	-	-	-	-	-	991,112	991,112
Public Health Realignment	-	-	-	-	-	-	-	-	742,283	742,283
County Children's Fund	-	-	-	-	-	-	-	-	37,533	37,533
USDA Title III	-	-	-	-	-	-	-	-	232,204	232,204
Child Support	-	-	-	-	-	-	-	-	174,920	174,920
Criminal Justice Facility Const.	-	-	-	-	-	-	-	-	54,501	54,501
Courthouse Construction	-	-	-	-	-	-	-	-	779,288	779,288
Total Restricted Fund Balance	85,607	4,576,324	1,482,607	1,641,369	1,267,394	6,487,475	-	1,138,095	8,352,371	25,031,242
Assigned to Purpose of Fund:										
Prison Trial Program	-	-	-	-	-	-	877,008	-	83,806	960,814
DA Contract	-	-	-	-	-	-	-	-	8,178	8,178
Sheriff Contracts	-	-	-	-	-	-	-	-	123,763	123,763
HHS Contracts	-	-	-	-	-	-	-	-	16,295	16,295
General Contract - PTA	-	-	-	-	-	-	-	-	208,571	208,571
Cemetary	-	-	-	-	-	-	-	-	146,546	146,546
Emergency Services	-	-	-	-	-	-	-	-	142,170	142,170
Natural Resources	-	-	-	-	-	-	-	-	69,451	69,451
Tobacco Settlement Fund	-	-	-	-	-	-	-	-	142,574	142,574
Fair	-	-	-	-	-	-	-	-	30,371	30,371
Loss Prevention Fund	-	-	-	-	-	-	-	-	57,297	57,297
Probation Fund	-	-	-	-	-	-	-	-	452,450	452,450
Probation Contracts	-	-	-	-	-	-	-	-	15,133	15,133
Capital Improvments	-	-	-	-	-	-	-	-	66,336	66,336
Capital Improvements Lease	-	-	-	-	-	-	-	-	4,002,857	4,002,857
Accumulated Capital Outlay	-	-	-	-	-	-	-	-	739,173	739,173
Fairgrounds Improvements	-	-	-	-	-	-	-	-	147,563	147,563
CCF Equipment Replacement Fund	-	-	-	-	-	-	-	-	6,149	6,149
Total Assigned Fund Balance	-	-	-	-	-	-	877,008	-	6,458,683	7,335,691
Unassigned:										
Unassigned	1,418,219	-	(466,147)	-	-	-	-	-	-	952,072
General Reserve	3,174,766	-	-	-	-	-	-	-	-	3,174,766
Total Unassigned Fund Balance	4,592,985	-	(466,147)	-	-	-	-	-	-	4,126,838
Total Fund Balances	\$ 8,940,680	\$ 5,313,579	\$ 1,016,460	\$ 1,641,369	\$ 1,267,394	\$ 6,487,475	\$ 877,008	\$ 1,138,095	\$ 14,831,054	\$ 41,513,114

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 10 - PENSION PLANS

AGENT MULTIPLE EMPLOYER PLANS

A. General Information

Plan Descriptions - All qualified permanent and probationary employees are eligible to participate in the County's Miscellaneous Plan, agent multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan is established by State statute and County resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for Miscellaneous Plan is applied as specified by the Public Employees' Retirement Law.

The Public Employees' Pension Reform Act of 2013 (PEPRA) requires new benefits and member contributions for new members as defined by PEPRA, that are hired after January 1, 2013. Pursuant to PEPRA, the Miscellaneous Plan is closed to new entrants as of January 1, 2013.

The Plans' provisions and benefits in effect at June 30, 2015 are summarized as follows:

	Miscellaneous		
	1st Tier	2nd Tier	PEPRA
Hire date	Prior to January 1, 2011	January 1, 2011 thru December 31, 2012	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 63	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.092% to 2.418%	1.000% to 2.500%
Required employee contribution rates	7.000%	7.000%	6.250%
Required employer contribution rates	12.170%	12.170%	12.710%

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 10 - PENSION PLANS (Continued)

AGENT MULTIPLE EMPLOYER PLANS (Continued)

A. General Information (Continued)

Employees Covered – At June 30, 2015, the following employees were covered by the benefit terms for the Plan:

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	622
Inactive employees entitled to but not yet receiving benefits	414
Active employees	432
Total	1,468

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

B. Net Pension Liability

The County’s net pension liability for its Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Miscellaneous Plan is measured as of June 30 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 10 - PENSION PLANS (Continued)

AGENT MULTIPLE EMPLOYER PLANS (Continued)

B. Net Pension Liability (Continued)

Actuarial Assumptions - The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate Return	7.5% (2)
Mortality	Derived using CalPERS' Membership data for all Funds (3)

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

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

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

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

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10 - PENSION PLANS (Continued)

AGENT MULTIPLE EMPLOYER PLANS (Continued)

B. Net Pension Liability (Continued)

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is schedule to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we changed our methodology.

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.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10 - PENSION PLANS (Continued)

AGENT MULTIPLE EMPLOYER PLANS (Continued)

B. Net Pension Liability (Continued)

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

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

C. Changes in the Net Pension Liability

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

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

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2014	\$ 101,016,724	\$ 78,075,396	\$ 22,941,328
Changes in the year:			
Service cost	2,549,991	-	2,549,991
Interest on the total pension liability	7,479,108	-	7,479,108
Contributions - employer	-	1,910,144	(1,910,144)
Contributions - employee (paid by employer)	-	-	-
Contributions - employee	-	1,216,676	(1,216,676)
Net investment income	-	13,609,094	(13,609,094)
Administrative expenses	-	(111,112)	111,112
Benefit payments, including refunds of employee contributions	(5,140,550)	(5,140,550)	-
Net changes	<u>4,888,549</u>	<u>11,484,252</u>	<u>(6,595,703)</u>
Balance at June 30, 2015	<u>\$ 105,905,273</u>	<u>\$ 89,559,648</u>	<u>\$ 16,345,625</u>

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 10 - PENSION PLANS (Continued)

AGENT MULTIPLE EMPLOYER 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 position liability of the County for the Miscellaneous Plan, calculated using the discount rate for the Miscellaneous Plan, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>	
1% Decrease	6.50%	
Net Pension Liability	\$ 29,783,775	
Current Discount Rate	7.50%	
Net Pension Liability	\$ 16,345,625	
1% Increase	8.50%	
Net Pension Liability	\$ 5,150,828	

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

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

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

For the year ended June 30, 2015, the County recognized pension expense of \$1,509,196. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 1,856,003	\$ -
Net difference between actual and allocated employer contributions	-	(138,118)
Net differences between projected and actual earnings on plan investments	-	(6,194,755)
Total	<u>\$ 1,856,003</u>	<u>\$ (6,332,873)</u>

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 10 - PENSION PLANS (Continued)

AGENT MULTIPLE EMPLOYER PLANS (Continued)

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

\$1,856,003 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, 2016. 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 June 30	
2016	\$ (1,585,036)
2017	(1,585,036)
2018	(1,585,036)
2019	(1,577,765)
2020	-
Thereafter	-

E. Payable to the Pension Plan

At June 30, 2015, the County reported a payable of \$103,133 for an outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

COST-SHARING EMPLOYER PLANS

A. General Information

Plan Descriptions - All qualified permanent and probationary employees are eligible to participate in the County's Safety and Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). 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.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the Safety plans are applied as specified by the Public Employees' Retirement Law.

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 10 - PENSION PLANS (Continued)

COST-SHARING EMPLOYER PLANS (Continued)

A. General Information

The Public Employees' Pension Reform Act of 2013 (PEPRA) requires new benefits and member contributions for new members as defined by PEPRA, that are hired after January 1, 2013. Pursuant to PEPRA, the Safety Plan is closed to new entrants as of January 1, 2013.

The Plans' provisions and benefits in effect at June 30, 2015 are summarized as follows:

	Safety		
	1st Tier	2nd Tier	PEPRA
	Prior to January 1, 2011	January 1, 2011 thru December 31, 2012	On or after January 1, 2013
Hire date			
Benefit formula	3.0% @ 50	3.0% @ 55	2% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.000%	2.400% to 3.000%	1.426% to 2.000%
Required employee contribution rates	9.000%	9.000%	11.500%
Required employer contribution rates	26.881%	21.367%	11.500%

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

For the year ended June 30, 2015, the contributions recognized as part of pension expense for the Safety Plan as follows:

	Safety
Contributions - employer	\$ 829,235
Contributions - employee (paid by employer)	-

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 10 - PENSION PLANS (Continued)

COST-SHARING EMPLOYER PLANS (Continued)

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

As of June 30, 2015, the County reported net pension liabilities for its proportionate shares of the net position liability of the Safety Plan as follows:

	Proportionate Share of Net Pension Liability
Safety	\$ 9,181,100
Total Net Pension Liability	\$ 9,181,100

The County's net pension liability for the Safety Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Safety Plan is measured as of June 30, 2014, and the total pension liability for the Safety Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, rolled forward to June 30, 2014, using standard update procedures. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The County's proportionate share of the net pension liability for the Safety Plan as of June 30, 2013 and 2014 was as follows:

	Safety
Proportion - June 30, 2013	0.2348%
Proportion - June 30, 2014	0.2448%
Change - Increase (Decrease)	0.0100%

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 10 - PENSION PLANS (Continued)

COST-SHARING EMPLOYER PLANS (Continued)

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

For the year ended June 30, 2015, the County recognized pension expense of \$874,221. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 906,437	\$ -
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	(9,553)
Net differences between projected and actual earnings on plan investments	-	(2,018,291)
Total	\$ 906,437	\$ (2,027,844)

\$906,437 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, 2016. Other amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30		
2016	\$	(514,426)
2017		(514,426)
2018		(508,848)
2019		(490,144)
2020		-
Thereafter		-

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 10 - PENSION PLANS (Continued)

COST-SHARING EMPLOYER PLANS (Continued)

C. Actuarial Assumptions

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	<u>Safety</u>
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.30% - 14.20% (1)
Investment Rate of Return	7.5% (2)
Mortality	Derived using CalPERS' Membership data for all Funds (3)

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

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

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

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experiences Study can be found on the CalPERS website.

D. Discount Rate

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

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10 - PENSION PLANS (Continued)

COST-SHARING EMPLOYER PLANS (Continued)

D. Discount Rate (Continued)

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is schedule to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we changed our methodology.

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.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10 - PENSION PLANS (Continued)

COST-SHARING EMPLOYER PLANS (Continued)

D. Discount Rate (Continued)

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

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

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

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the County's proportionate share of the net pension liability for the Safety Plan, calculated using the discount rate for the Safety 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:

	<u>Safety</u>
1% Decrease	6.50%
Net Pension Liability	\$ 14,334,210
Current Discount Rate	7.50%
Net Pension Liability	\$ 9,181,100
1% Increase	8.50%
Net Pension Liability	\$ 4,935,161

E. Pension Plan Fiduciary Net Position

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

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 10 - PENSION PLANS (Continued)

COST-SHARING EMPLOYER PLANS (Continued)

F. Payable to the Pension Plan

At June 30, 2015, the County reported a payable of \$45,534 for an outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description and Funding Policy

Employees that meet the following requirements are eligible for coverage under the County's CalPERS Health Program: 1) has 5 or more years of service with the County; 2) is at least 50 years of age at the date of retirement; and 3) is employed by the County at the time of retirement. The County has elected to contribute toward the cost of premiums, for the retiree and spouse, up to a maximum monthly amount, which is specified in the County's bargaining agreements with its employee groups. The minimum employer contribution specified by CalPERS for 2015 is \$122 per month and is currently less than the County's paid contribution.

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

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

Annual OPEB Costs and Net OPEB Obligation

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

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

Annual required contribution	\$ 150,761
Interest on net OPEB obligation	(18,637)
Adjustment to annual required contribution	20,630
Annual OPEB expense	<u>152,754</u>
Contributions made net of reimbursement	<u>(149,257)</u>
Decrease in net OPEB obligation (assets)	3,497
Net OPEB obligation (assets) - beginning of year	<u>(244,898)</u>
Net OPEB obligation (assets) - end of year	<u><u>\$ (241,401)</u></u>

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

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

Annual OPEB Costs and Net OPEB Obligation (Continued)

The County's Annual OPEB Cost, the percentage of Annual OPEB Cost Contributed to the Plan, and the Net OPEB Obligation for fiscal year 2014-15 and the two preceding fiscal years were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Annual Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Assets)</u>
6/30/2013	(131,377)	139,080	-105.9%	(270,457)
6/30/2014	145,817	120,258	82.5%	(244,898)
6/30/2015	152,754	149,257	82.5%	(241,401)

Funded Status and Funding Progress (Changes with Actuarial Valuation Reports - Every 2 Years)

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

<u>Actuarial Valuation Date*</u>	<u>(A) Actuarial Asset Value</u>	<u>(B) Entry Age Actuarial Accrued Liability</u>	<u>(C) Unfunded (Overfunded) Actuarial Liability (B-A)</u>	<u>(D) Funded Ratio (A/B)</u>	<u>(E) Covered Payroll</u>	<u>(F) Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll (C/E)</u>
6/30/2015	5,250,356	7,456,446	2,206,090	70%	16,633,000	13.3%

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

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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

Actuarial Methods and Assumptions

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

Assumptions used in the June 30, 2013 actuarial valuation include the entry age normal actuarial cost method. The assumptions included 40% of eligible retirees will elect to take medical coverage thru CalPERS, a discount rate of 7.61%, payroll increase of 3%, in aggregate and an inflation rate of 2.80% per annum. The discount rate assumes the County continues to pre-fund 100% of its retiree health benefits through the CERBT under the current investment strategy

NOTE 12 - COMMITMENTS AND CONTINGENCIES

A. Grant Programs

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

B. General Litigation

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

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 13 - JOINT POWERS AGREEMENT

A. Lassen Regional Solid Waste Management Authority

In 1999, the Lassen Regional Solid Waste Management Authority (the "Authority") was created under a joint powers agreement between the County and the City of Susanville. It was formed to fund, plan, operate, administer, and maintain solid waste facilities, sites and services, including all mandated costs for planning, waste diversion, and both closure and post-closure of sites, as well as public education, waste transfer, material recovery, recycling, household hazardous waste programs, and other AB939 programs. The Authority has a Board of Directors, which consists of five persons, two from the County and two from the City, and one public member at-large who is appointed by the City and County members. Members share equally in the Authority's assets, to be distributed upon termination of the joint venture agreement. The members have no share of the Authority's debts, liabilities, and obligations. The County has no ongoing financial interest or responsibility as of June 30, 2014.

Pursuant to a contract between the County and the Authority, the County provides services to the Authority, including personnel and related benefits, and accounting services. During the year ended June 30, 2015, the Authority paid the County \$641,126 for personnel services and related benefits and \$38,055 for accounting and administrative services. The Authority has financial statements prepared and they can be obtained from management of the Authority.

Condensed financial information for the Authority as of June 30, 2015 (the most recent year-end financial information available) is present below:

	Amount
Statement of Net Position	
Assets	\$ 3,754,484
Liabilities	(5,528,048)
Net position (deficit)	\$ (1,773,564)
 Revenues and Expenses	
Revenues	\$ 1,363,471
Expenses	(1,638,609)
Net gain (loss)	\$ (275,138)

B. Lassen Transit Service Agency

The Lassen Transit Service Agency (Agency) was created as a joint powers agreement (JPA) between the County and the City of Susanville on July 17, 2002 under the provisions of Article 1, Chapter 5, Division 7, Title 1 of the California Government Code Section 6500. The Agency is charged with the administration and operation of the Lassen Rural Bus (LRB) public transportation services within Lassen County under the jurisdiction of the Lassen County Transportation Commission (Commission), the Regional Transportation Planning Agency for the County. The Commission is comprised of three members of the Lassen County Board of Supervisors and three members of the City of Susanville City Council, and allocates and distributes the Transportation Development Act (TDA) funding for the LRB service operations. In addition to TDA funds, the Agency receives funding through several resources including the federal government and the State of California. Formerly, all of the transactions of the Agency were reported in the Rural Bus Fund of the County. Effective July 1, 2002, the Agency became a separate legal entity and is no longer considered a part of the County. The County has no ongoing financial interest or responsibility as of June 30, 2015. The Agency has financial statements prepared and they can be obtained from management of the Agency.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 - JOINT POWERS AGREEMENT (Continued)

B. Lassen Transit Service Agency

Condensed financial information for the Agency as of June 30, 2015 (the most recent year-end financial information available) is presented below:

	Amount
Statement of Net Position	
Assets	\$ 1,648,763
Liabilities	(53,743)
Net position (deficit)	\$ 1,595,020
 Revenues and Expenses	
Revenues	\$ 1,616,659
Expenses	(1,294,885)
Net gain (loss)	\$ 321,774

C. Honey Lake Valley Recreation Authority

The Honey Lake Recreation Authority (HLVRA) was created by a joint powers agreement between the County and the City of Susanville on November 18, 2013 under the provisions of California Government Code 6500 et. Seq. HLVA is an entity separate from its member agencies created for the purpose of owning and operating public recreation facilities, including a swimming pool. HLVRA has a five-member board of directors comprised of two representatives from each member agency and one member at large. It is anticipated that the authority will receive funding from its members and shall remain in effect for 15 years from the date of adoption and thereafter terminate. Upon termination HLVRA funds remaining, after payment of all obligations, shall be divided in proportion to the contribution of each member agency.

Condensed financial information for HLVRA will be included in future County audit reports.

NOTE 14 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The County participates in a JPA named Trindel Insurance Fund, to provide coverage for workers' compensation and general liability exposure and to pay for the administration of the program. Primary and excess workers' compensation insurance, as well as excess property and general liability insurance are reinsured through a commercial company. There is a self-insured retention of \$100,000 for general liability, \$25,000 for property, and \$300,000 for workers compensation. Above the self-insured retention, various limits are applied to excess insurance programs. Settled claims resulting from risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. At June 30, 2015, Trindel Insurance Fund was classified as a claims-servicing or account pool, wherein the County retains the risk of loss and is considered self-insured with regard to liability and workers compensation. The County currently reports all of its risk management activities in the General Fund. Premiums due to Trindel are reported when incurred. The liability for outstanding claims was determined based on historical trends and actual activity.

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 14 - RISK MANAGEMENT (Continued)

Estimates of the liabilities for incurred (both reported and unreported) but unpaid claims are actuarially determined. Liabilities are based on the estimated cost of settling the claims.

	2015	2014
Unpaid claims July 1	\$ 2,926,136	\$ 2,598,066
Incurred claims (including IBNRs) and changes in estimates	1,185,998	1,794,428
Current year payments	(1,040,092)	(1,466,358)
Unpaid claims June 30	\$ 3,072,042	\$ 2,926,136

NOTE 15 - FUND BALANCE/NET DEFICIT

No funds had a deficit fund balance at June 30, 2015.

NOTE 16 - CHANGE IN APPLICATION OF ACCOUNTING PRINCIPLES

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the County to record beginning net pension liability and the effects on net position of contributions made by the County during the measurement period (fiscal year ending June 30, 2014). As a result, net position decreased as follows:

Government-Wide Financial Statements

Governmental Activities	\$ (31,504,025)
Total Government-Wide Financial Statements	\$ (31,504,025)

Proprietary Fund Financial Statements

Internal Service Funds:	
Information services	\$ (146,946)
Fleet services	(285,618)
Total Internal Service Funds	(432,564)
Total Proprietary Funds	\$ (432,564)

THIS PAGE IS LEFT BLANK INTENTIONALLY.

REQUIRED SUPPLEMENTARY INFORMATION

**COUNTY OF LASSEN
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

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

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

COUNTY OF LASSEN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(BUDGETARY BASIS) - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 8,861,022	\$ 8,861,022	\$ 8,745,528	\$ (115,494)
Licenses and permits	233,000	233,000	312,568	79,568
Intergovernmental	4,001,816	5,833,944	5,387,051	(446,893)
Charges for services	2,581,097	2,581,097	2,780,409	199,312
Fines and forfeitures	821,550	821,550	621,863	(199,687)
Use of money and property	77,000	77,000	55,716	(21,284)
Other revenues	<u>208,500</u>	<u>256,500</u>	<u>1,022,767</u>	<u>766,267</u>
Total revenues	<u>16,783,985</u>	<u>18,664,113</u>	<u>18,925,902</u>	<u>261,789</u>
EXPENDITURES				
Current:				
General	6,385,795	6,423,445	5,764,493	658,952
Public protection	2,119,994	2,583,293	2,156,070	427,223
Education	82,568	81,368	81,527	(159)
Recreation and culture	34,950	34,300	22,621	11,679
Capital outlay	<u>71,500</u>	<u>69,500</u>	<u>143,964</u>	<u>(74,464)</u>
Total expenditures	<u>8,694,807</u>	<u>9,191,906</u>	<u>8,168,675</u>	<u>1,023,231</u>
Revenues over (under) expenditures	<u>8,089,178</u>	<u>9,472,207</u>	<u>10,757,227</u>	<u>1,285,020</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	-	-	149,645	149,645
Transfers in	654,984	654,984	552,482	(102,502)
Transfers out	<u>(9,244,915)</u>	<u>(10,997,444)</u>	<u>(10,298,020)</u>	<u>699,424</u>
Total other financing sources (uses)	<u>(8,589,931)</u>	<u>(10,342,460)</u>	<u>(9,595,893)</u>	<u>746,567</u>
Net change in fund balance	<u>\$ (500,753)</u>	<u>\$ (870,253)</u>	1,161,334	<u>\$ 2,031,587</u>
Fund balance, beginning of year			<u>7,779,346</u>	
Fund balance, end of year			<u>\$ 8,940,680</u>	

**COUNTY OF LASSEN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(BUDGETARY BASIS) - ROAD FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses and permits	\$ 5,000	\$ 5,000	\$ 5,764	\$ 764
Intergovernmental	11,294,000	11,294,000	4,498,966	(6,795,034)
Charges for services	26,500	26,500	52,447	25,947
Use of money and property	2,000	2,000	35,661	33,661
Other revenues	<u>35,000</u>	<u>35,000</u>	<u>37,126</u>	<u>2,126</u>
 Total revenues	 <u>11,362,500</u>	 <u>11,362,500</u>	 <u>4,629,964</u>	 <u>(6,732,536)</u>
 EXPENDITURES				
Current:				
Public ways and facilities	5,170,594	5,170,594	2,940,220	2,230,374
Capital outlay	<u>7,223,000</u>	<u>7,223,000</u>	<u>2,075,074</u>	<u>5,147,926</u>
 Total expenditures	 <u>12,393,594</u>	 <u>12,393,594</u>	 <u>5,015,294</u>	 <u>7,378,300</u>
 Revenues over (under) expenditures	 <u>(1,031,094)</u>	 <u>(1,031,094)</u>	 <u>(385,330)</u>	 <u>645,764</u>
 OTHER FINANCING SOURCES (USES)				
Transfers in	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>
 Total other financing sources (uses)	 <u>20,000</u>	 <u>20,000</u>	 <u>-</u>	 <u>(20,000)</u>
 Net change in fund balance	 <u>\$ (1,011,094)</u>	 <u>\$ (1,011,094)</u>	 (385,330)	 <u>\$ 625,764</u>
 Fund balance, beginning of year			 <u>5,698,909</u>	
 Fund balance, end of year			 <u>\$ 5,313,579</u>	

**COUNTY OF LASSEN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(BUDGETARY BASIS) - COMMUNITY DEVELOPMENT FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Intergovernmental	\$ 643,616	\$ 643,616	\$ 128,906	\$ (514,710)
Charges for services	-	-	1,750	1,750
Use of money and property	500	500	55,262	54,762
Other revenues	<u>-</u>	<u>-</u>	<u>11,084</u>	<u>11,084</u>
 Total revenues	 <u>644,116</u>	 <u>644,116</u>	 <u>197,002</u>	 <u>(447,114)</u>
EXPENDITURES				
Current:				
Public assistance	<u>1,218,562</u>	<u>1,218,562</u>	<u>307,885</u>	<u>910,677</u>
 Total expenditures	 <u>1,218,562</u>	 <u>1,218,562</u>	 <u>307,885</u>	 <u>910,677</u>
 Revenues over (under) expenditures	 <u>(574,446)</u>	 <u>(574,446)</u>	 <u>(110,883)</u>	 <u>463,563</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>693,367</u>	<u>693,367</u>	<u>224,978</u>	<u>(468,389)</u>
 Total other financing sources (uses)	 <u>693,367</u>	 <u>693,367</u>	 <u>224,978</u>	 <u>(468,389)</u>
 Net change in fund balance	 <u>\$ 118,921</u>	 <u>\$ 118,921</u>	 114,095	 <u>\$ (4,826)</u>
 Fund balance, beginning of year			 <u>902,365</u>	
 Fund balance, end of year			 <u>\$ 1,016,460</u>	

**COUNTY OF LASSEN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(BUDGETARY BASIS) - WELFARE ADMINISTRATION FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Intergovernmental	\$ 5,067,613	\$ 5,067,613	\$ 4,346,639	\$ (720,974)
Charges for services	-	-	2,520	2,520
Use of money and property	-	-	4,427	4,427
Other revenues	<u>60,000</u>	<u>60,000</u>	<u>97,703</u>	<u>37,703</u>
 Total revenues	 <u>5,127,613</u>	 <u>5,127,613</u>	 <u>4,451,289</u>	 <u>(676,324)</u>
EXPENDITURES				
Current:				
Public assistance	7,561,229	7,650,428	6,004,129	1,646,299
Capital outlay	<u>70,000</u>	<u>70,000</u>	<u>55,423</u>	<u>14,577</u>
 Total expenditures	 <u>7,631,229</u>	 <u>7,720,428</u>	 <u>6,059,552</u>	 <u>1,660,876</u>
 Revenues over (under) expenditures	 <u>(2,503,616)</u>	 <u>(2,592,815)</u>	 <u>(1,608,263)</u>	 <u>984,552</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>2,781,876</u>	<u>2,761,674</u>	<u>2,734,570</u>	<u>(27,104)</u>
 Total other financing sources (uses)	 <u>2,781,876</u>	 <u>2,761,674</u>	 <u>2,734,570</u>	 <u>(27,104)</u>
 Net change in fund balance	 <u>\$ 278,260</u>	 <u>\$ 168,859</u>	 1,126,307	 <u>\$ 957,448</u>
 Fund balance, beginning of year			 <u>515,062</u>	
 Fund balance, end of year			 <u>\$ 1,641,369</u>	

COUNTY OF LASSEN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(BUDGETARY BASIS) - WELFARE ASSISTANCE FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 4,635,872	\$ 4,403,092	\$ 4,063,890	\$ (339,202)
Other revenues	<u>111,000</u>	<u>76,000</u>	<u>90,576</u>	<u>14,576</u>
Total revenues	<u>4,746,872</u>	<u>4,479,092</u>	<u>4,154,466</u>	<u>(324,626)</u>
EXPENDITURES				
Current:				
Public assistance	<u>7,974,576</u>	<u>8,422,818</u>	<u>7,224,079</u>	<u>1,198,739</u>
Total expenditures	<u>7,974,576</u>	<u>8,422,818</u>	<u>7,224,079</u>	<u>1,198,739</u>
Revenues over (under) expenditures	<u>(3,227,704)</u>	<u>(3,943,726)</u>	<u>(3,069,613)</u>	<u>874,113</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,548,578	4,091,174	3,863,758	(227,416)
Transfers out	<u>(147,448)</u>	<u>(147,448)</u>	<u>(85,415)</u>	<u>62,033</u>
Total other financing sources (uses)	<u>3,401,130</u>	<u>3,943,726</u>	<u>3,778,343</u>	<u>(165,383)</u>
Net change in fund balance	<u>\$ 173,426</u>	<u>\$ -</u>	708,730	<u>\$ 708,730</u>
Fund balance, beginning of year			<u>558,664</u>	
Fund balance, end of year			<u>\$ 1,267,394</u>	

COUNTY OF LASSEN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(BUDGETARY BASIS) - HEALTH AND HUMAN SERVICES FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u> Amounts	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive <u>(Negative)</u>
REVENUES				
Licenses and permits	\$ 4,500	\$ 4,500	\$ 5,037	\$ 537
Intergovernmental	3,747,209	3,870,943	3,288,911	(582,032)
Charges for services	1,609,530	1,614,860	1,551,365	(63,495)
Fines, forfeitures and penalties	15,450	15,450	15,840	390
Use of money and property	41,538	41,538	51,599	10,061
Other revenues	<u>31,000</u>	<u>31,000</u>	<u>46,077</u>	<u>15,077</u>
Total revenues	<u>5,449,227</u>	<u>5,578,291</u>	<u>4,958,829</u>	<u>(619,462)</u>
EXPENDITURES				
Current:				
Public protection	223,874	223,874	183,286	40,588
Health and sanitation	8,776,056	9,186,492	6,913,174	2,273,318
Public assistance	939,219	939,219	856,848	82,371
Capital outlay	<u>214,702</u>	<u>236,242</u>	<u>101,711</u>	<u>134,531</u>
Total expenditures	<u>10,153,851</u>	<u>10,585,827</u>	<u>8,055,019</u>	<u>2,530,808</u>
Revenues over (under) expenditures	<u>(4,704,624)</u>	<u>(5,007,536)</u>	<u>(3,096,190)</u>	<u>1,911,346</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,591,995	4,863,770	3,705,004	(1,158,766)
Transfers out	<u>-</u>	<u>-</u>	<u>(2,314)</u>	<u>(2,314)</u>
Total other financing sources (uses)	<u>4,591,995</u>	<u>4,863,770</u>	<u>3,702,690</u>	<u>(1,161,080)</u>
Net change in fund balance	<u>\$ (112,629)</u>	<u>\$ (143,766)</u>	606,500	<u>\$ 750,266</u>
Fund balance, beginning of year			<u>5,880,975</u>	
Fund balance, end of year			<u>\$ 6,487,475</u>	

COUNTY OF LASSEN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(BUDGETARY BASIS) - PUBLIC SAFETY FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive <u>(Negative)</u>
REVENUES				
Taxes	\$ 90,000	\$ 90,000	\$ 84,113	\$ (5,887)
Licenses and permits	550	550	950	400
Intergovernmental	1,407,000	1,407,000	1,380,124	(26,876)
Charges for services	378,146	378,146	193,050	(185,096)
Fines, forfeitures and penalties	-	-	102,114	102,114
Use of money and property	6,000	6,000	8,177	2,177
Other revenues	<u>210,000</u>	<u>210,000</u>	<u>534,547</u>	<u>324,547</u>
Total revenues	<u>2,091,696</u>	<u>2,091,696</u>	<u>2,303,075</u>	<u>211,379</u>
EXPENDITURES				
Current:				
General government	373,637	373,637	571,062	(197,425)
Public protection	10,289,405	10,389,405	9,384,403	1,005,002
Capital outlay	<u>150,602</u>	<u>150,602</u>	<u>80,978</u>	<u>69,624</u>
Total expenditures	<u>10,813,644</u>	<u>10,913,644</u>	<u>10,036,443</u>	<u>877,201</u>
Revenues over (under) expenditures	<u>(8,721,948)</u>	<u>(8,821,948)</u>	<u>(7,733,368)</u>	<u>1,088,580</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>7,774,007</u>	<u>7,774,007</u>	<u>7,473,576</u>	<u>(300,431)</u>
Total other financing sources (uses)	<u>7,774,007</u>	<u>7,774,007</u>	<u>7,473,576</u>	<u>(300,431)</u>
Net change in fund balance	<u>\$ (947,941)</u>	<u>\$ (1,047,941)</u>	(259,792)	<u>\$ 788,149</u>
Fund balance, beginning of year			<u>1,136,800</u>	
Fund balance, end of year			<u>\$ 877,008</u>	

**COUNTY OF LASSEN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(BUDGETARY BASIS) - COUNTY LOCAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Intergovernmental	\$ 6,024,591	\$ 6,747,805	\$ 5,930,105	\$ (817,700)
Other revenues	<u>-</u>	<u>-</u>	<u>1,044</u>	<u>1,044</u>
Total revenues	<u>6,024,591</u>	<u>6,747,805</u>	<u>5,931,149</u>	<u>(816,656)</u>
EXPENDITURES				
Current:				
Public protection	586,491	651,467	584,284	67,183
Public assistance	<u>361</u>	<u>361</u>	<u>361</u>	<u>-</u>
Total expenditures	<u>586,852</u>	<u>651,828</u>	<u>584,645</u>	<u>67,183</u>
Revenues over (under) expenditures	<u>5,437,739</u>	<u>6,095,977</u>	<u>5,346,504</u>	<u>(749,473)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(5,410,475)</u>	<u>(6,811,223)</u>	<u>(6,048,534)</u>	<u>762,689</u>
Total other financing sources (uses)	<u>(5,410,475)</u>	<u>(6,811,223)</u>	<u>(6,048,534)</u>	<u>762,689</u>
Net change in fund balance	<u>\$ 27,264</u>	<u>\$ (715,246)</u>	(702,030)	<u>\$ 13,216</u>
Fund balance, beginning of year			<u>1,840,125</u>	
Fund balance, end of year			<u>\$ 1,138,095</u>	

**COUNTY OF LASSEN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS - OTHER POST EMPLOYMENT BENEFITS PLAN
FOR THE YEAR ENDED JUNE 30, 2015**

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

	(A)	(B)	(C)	(D)	(E)	(F)
			Unfunded (Overfunded)			Unfunded (Overfunded)
Actuarial Valuation Date*	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Actuarial Accrued Liability (B-A)	Funded Ratio (A/B)	Covered Payroll	Actuarial Liability as Percentage of Covered Payroll (C/E)
6/30/2011	-	4,143,234	4,143,234	0.0%	18,078,000	22.9%
6/30/2013	4,748,866	4,478,409	(270,457)	106%	17,528,000	-1.5%
6/30/2015	5,250,356	7,456,446	2,206,090	70%	16,633,000	13.3%

**COUNTY OF LASSEN
 PROPORTIONATE SHARE OF NET PENSION LIABILITY - COST-SHARING PLAN
 FOR THE YEAR ENDED JUNE 30, 2015
 LAST 10 YEARS***

		2015 Safety
Proportion of the net pension liability		0.14755%
Proportionate share of the net pension liability	\$	9,181,100
Covered - employee payroll	\$	2,909,589
Proportionate share of the net pension liability as percentage of covered-employee payroll		315.55%
Plan's fiduciary net position	\$	29,290,009
Plan fiduciary net position as a percentage of the total pension liability		76.14%

Notes to Schedule:

Changes in Benefit Terms - None

Changes in Assumptions - None

* Fiscal year 2015 was the first year of implementation, therefore only one year is shown.

**COUNTY OF LASSEN
SCHEDULE OF CONTRIBUTIONS - COST-SHARING PLAN
FOR THE YEAR ENDED JUNE 30, 2015
LAST 10 YEARS***

		2015 Safety
Actuarially required contribution (actuarially determined)	\$	991,572
Contributions in relation to the actuarially determined contributions		991,572
Contribution deficiency (excess)	\$	-
 Covered - employee payroll	 \$	 2,909,589
 Contributions as a percentage of covered-employee payroll		 34.08%

Notes to Schedule:

Valuation date: June 30, 2012

Methods and assumptions used to determine contributions rates:

Actuarial Cost Method	Entry Age Normal cost Method
Amortization Period	Level percent of payroll
Remaining Amortization Period	19 Years as of Valuation Date
Asset Valuation Method	15 year smoothed market
Inflation	2.75%
Salary Increase	3.30% to 14.20% depending on age, service, and type of employment
 Payroll Growth	 3.00%
Investment Rate of Return	7.5%, net of pension plan investment and administrative expenses; includes inflation
Retirement Age	57
Mortality	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB

* Fiscal year 2015 was the first year of implementation, therefore only one year is shown.

**COUNTY OF LASSEN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AGENT MULTIPLE EMPLOYER PLAN
FOR THE YEAR ENDED JUNE 30, 2015
LAST 10 YEARS***

		2015 Miscellaneous
Total Pension Liability:		
Service cost	\$	2,549,991
Interest on total pension liability		7,479,108
Difference between expected and actual experience		-
Changes in assumptions		-
Changes in benefits		-
Benefit payments, including refunds of employee contributions		(5,140,550)
Net change in total pension liability		4,888,549
Total pension liability - beginning		101,016,724
Total pension liability - ending (a)		105,905,273
Plan Fiduciary Net Position:		
Contributions - employer		1,910,144
Contributions - employee		1,216,676
Net investment income		13,609,094
		(111,112)
Benefit payments		(5,140,550)
Net change in plan fiduciary net position		11,484,252
Plan fiduciary net position beginning		78,075,396
Plan fiduciary net position - ending (b)		89,559,648
Net pension liability - ending (a)-(b)	\$	16,345,625
Plan fiduciary net position as a percentage of the total pension liability		
		84.57%
Covered - employee payroll		
		16,261,660
Net pension liability as a percentage of covered employee payroll		
		100.52%

Changes in Benefit Terms - The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions - None

* Fiscal year 2015 was the first year of implementation, therefore only one year is shown.

**COUNTY OF LASSEN
SCHEDULE OF CONTRIBUTIONS - AGENT MULTIPLE EMPLOYER PLAN
FOR THE YEAR ENDED JUNE 30, 2015
LAST 10 YEARS***

		2015 Miscellaneous
Actuarially required contribution (actuarially determined)	\$	1,910,144
Contributions in relation to the actuarially determined contributions		1,910,144
Contribution deficiency (excess)	\$	-
Covered - employee payroll	\$	16,261,660
Contributions as a percentage of covered-employee payroll		11.75%

Notes to Schedule:

Valuation date: June 30, 2012

Methods and assumptions used to determine contributions rates:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Period	Level percent of payroll
Remaining Amortization Period	20 Years as of the Valuation Date
Asset Valuation Method	15 year smoothed market
Inflation	2.75%
Salary Increase	3.30% to 14.20% depending on age , service, and type of employment
Payroll Growth	3.00%
Investment Rate of Return	7.5%, net of pension plan investment and administrative expenses; includes inflation
Retirement Age	67
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Preretirement and Postretirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

* Fiscal year 2015 was the first year of implementation, therefore only on year is shown.

THIS PAGE IS LEFT BLANK INTENTIONALLY.

SUPPLEMENTARY INFORMATION

THIS PAGE IS LEFT BLANK INTENTIONALLY.

NON-MAJOR GOVERNMENTAL FUNDS

**COUNTY OF LASSEN
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015**

	Special Revenue Funds				
	Prison Trial Program Fund	DA Contracts Fund	Sheriff Contracts Fund	HHS Contracts Fund	Fish & Game Fund
ASSETS					
Cash and investments	\$ 9,987	\$ -	\$ 90,637	\$ 16,637	\$ 1,017
Accounts receivable	-	-	-	-	-
Due from other governmental entities	200,666	47,811	33,866	-	-
Due from other funds	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Long-term receivables	-	-	-	-	-
Total assets	<u>\$ 210,653</u>	<u>\$ 47,811</u>	<u>\$ 124,503</u>	<u>\$ 16,637</u>	<u>\$ 1,017</u>
LIABILITIES					
Accounts payable	\$ 18,781	\$ 4,511	\$ -	\$ -	\$ -
Accrued salaries	5,628	2,272	740	342	-
Due to other governmental entities	-	-	-	-	-
Due to other funds	<u>102,438</u>	<u>32,850</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>126,847</u>	<u>39,633</u>	<u>740</u>	<u>342</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Non-spendable:					
Advances and deposits	-	-	-	-	-
Restricted	-	-	-	-	1,017
Assigned	<u>83,806</u>	<u>8,178</u>	<u>123,763</u>	<u>16,295</u>	<u>-</u>
Total fund balances	<u>83,806</u>	<u>8,178</u>	<u>123,763</u>	<u>16,295</u>	<u>1,017</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 210,653</u>	<u>\$ 47,811</u>	<u>\$ 124,503</u>	<u>\$ 16,637</u>	<u>\$ 1,017</u>

**COUNTY OF LASSEN
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015**

	Special Revenue Funds				
	Mental Health Services Act	General Contract	Cementary Fund	Aviation Fund	TCF/Bailiff Fund
ASSETS					
Cash and investments	\$ 2,262,337	\$ 209,642	\$ 150,372	\$ 377,498	\$ 152,240
Accounts receivable	-	-	-	-	-
Due from other governmental entities	303,866	-	-	-	9,893
Due from other funds	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Long-term receivables	-	-	-	-	-
Total assets	<u>\$ 2,566,203</u>	<u>\$ 209,642</u>	<u>\$ 150,372</u>	<u>\$ 377,498</u>	<u>\$ 162,133</u>
LIABILITIES					
Accounts payable	\$ 7,200	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	1,071	3,826	297	10,140
Due to other governmental entities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>7,200</u>	<u>1,071</u>	<u>3,826</u>	<u>297</u>	<u>10,140</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
FUND BALANCES (DEFICITS)					
Non-spendable:					
Advances and deposits	-	-	-	-	-
Restricted	2,559,003	-	-	377,201	151,993
Assigned	-	208,571	146,546	-	-
Total fund balances	<u>2,559,003</u>	<u>208,571</u>	<u>146,546</u>	<u>377,201</u>	<u>151,993</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 2,566,203</u>	<u>\$ 209,642</u>	<u>\$ 150,372</u>	<u>\$ 377,498</u>	<u>\$ 162,133</u>

**COUNTY OF LASSEN
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015**

	Special Revenue Funds			
	Supplemental Law Enforcement Fund	Vital Statistics	Recorder Micrographics	Recorder Modernization
ASSETS				
Cash and investments	\$ 139,886	\$ 73,638	\$ 162,257	\$ 147,901
Accounts receivable	-	-	-	-
Due from other governmental entities	60,776	-	-	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Prepaid expenses	-	-	-	-
Long-term receivables	-	-	-	-
Total assets	<u>\$ 200,662</u>	<u>\$ 73,638</u>	<u>\$ 162,257</u>	<u>\$ 147,901</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	-	-	-
Due to other governmental entities	17,475	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>17,475</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Non-spendable:				
Advances and deposits	-	-	-	-
Restricted	183,187	73,638	162,257	147,901
Assigned	-	-	-	-
Total fund balances	<u>183,187</u>	<u>73,638</u>	<u>162,257</u>	<u>147,901</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 200,662</u>	<u>\$ 73,638</u>	<u>\$ 162,257</u>	<u>\$ 147,901</u>

**COUNTY OF LASSEN
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015**

	Special Revenue Funds				
	Recorder AB130	Inmate Welfare State	Inmate Welfare County	Narcotics Asset Forfeiture Fund	Narcotics Task Force Fund
ASSETS					
Cash and investments	\$ 29,284	\$ 65,785	\$ 146,973	\$ 36,705	\$ 115,573
Accounts receivable	-	-	-	-	-
Due from other governmental entities	-	-	-	-	3,297
Due from other funds	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Long-term receivables	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 29,284</u>	<u>\$ 65,785</u>	<u>\$ 146,973</u>	<u>\$ 36,705</u>	<u>\$ 118,870</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	-	741	-	749
Due to other governmental entities	-	-	-	-	-
Due to other funds	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>741</u>	<u>-</u>	<u>749</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Non-spendable:					
Advances and deposits	-	-	-	-	-
Restricted	29,284	65,785	146,232	36,705	118,121
Assigned	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>29,284</u>	<u>65,785</u>	<u>146,232</u>	<u>36,705</u>	<u>118,121</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 29,284</u>	<u>\$ 65,785</u>	<u>\$ 146,973</u>	<u>\$ 36,705</u>	<u>\$ 118,870</u>

**COUNTY OF LASSEN
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015**

	Special Revenue Funds				
	Emergency Services Fund	Property Tax Delinquent Costs Fund	Bieber Lighting District	Lassen- Modoc Flood Fund	Natural Resources
ASSETS					
Cash and investments	\$ 142,170	\$ 33,964	\$ 29,594	\$ 122,182	\$ 71,502
Accounts receivable	-	-	-	-	-
Due from other governmental entities	-	-	-	-	-
Due from other funds	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Long-term receivables	-	-	-	-	-
Total assets	<u>\$ 142,170</u>	<u>\$ 33,964</u>	<u>\$ 29,594</u>	<u>\$ 122,182</u>	<u>\$ 71,502</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	-	-	-	2,051
Due to other governmental entities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,051</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Non-spendable:					
Advances and deposits	-	-	-	-	-
Restricted	-	33,964	29,594	122,182	-
Assigned	142,170	-	-	-	69,451
Total fund balances	<u>142,170</u>	<u>33,964</u>	<u>29,594</u>	<u>122,182</u>	<u>69,451</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 142,170</u>	<u>\$ 33,964</u>	<u>\$ 29,594</u>	<u>\$ 122,182</u>	<u>\$ 71,502</u>

**COUNTY OF LASSEN
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015**

	Special Revenue Funds				
	Geothermal	Mental Health Realignment	Social Services Realignment	Public Health Realignment	County Children's Fund
ASSETS					
Cash and investments	\$ 228,613	\$ 828,261	\$ 887,830	\$ 712,936	\$ 37,533
Accounts receivable	-	-	-	-	-
Due from other governmental entities	-	45,592	100,000	26,286	-
Due from other funds	-	-	3,282	3,061	-
Advances to other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Long-term receivables	-	-	-	-	-
Total assets	<u>\$ 228,613</u>	<u>\$ 873,853</u>	<u>\$ 991,112</u>	<u>\$ 742,283</u>	<u>\$ 37,533</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	-	-	-	-
Due to other governmental entities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Non-spendable:					
Advances and deposits	-	-	-	-	-
Restricted	228,613	873,853	991,112	742,283	37,533
Assigned	-	-	-	-	-
Total fund balances	<u>228,613</u>	<u>873,853</u>	<u>991,112</u>	<u>742,283</u>	<u>37,533</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 228,613</u>	<u>\$ 873,853</u>	<u>\$ 991,112</u>	<u>\$ 742,283</u>	<u>\$ 37,533</u>

**COUNTY OF LASSEN
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015**

	Special Revenue Funds				
	Tobacco Settlement Fund	Fair	Economic Development & Housing Income	Loss Prevention Fund	USDA Title III
ASSETS					
Cash and investments	\$ 142,574	\$ 7,334	\$ -	\$ 57,297	\$ 232,204
Accounts receivable	-	20,636	-	-	-
Due from other governmental entities	-	-	-	-	-
Due from other funds	-	-	-	-	-
Advances to other funds	-	-	20,000	-	-
Prepaid expenses	-	10,000	-	-	-
Long-term receivables	-	-	38,216	-	-
	<u>-</u>	<u>-</u>	<u>38,216</u>	<u>-</u>	<u>-</u>
 Total assets	 <u>\$ 142,574</u>	 <u>\$ 37,970</u>	 <u>\$ 58,216</u>	 <u>\$ 57,297</u>	 <u>\$ 232,204</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	7,599	-	-	-
Due to other governmental entities	-	-	-	-	-
Due to other funds	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total liabilities	 <u>-</u>	 <u>7,599</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	38,216	-	-
	<u>-</u>	<u>-</u>	<u>38,216</u>	<u>-</u>	<u>-</u>
 Total deferred inflows of resources	 <u>-</u>	 <u>-</u>	 <u>38,216</u>	 <u>-</u>	 <u>-</u>
FUND BALANCES (DEFICITS)					
Non-spendable:					
Advances and deposits	-	-	20,000	-	-
Restricted	-	-	-	-	232,204
Assigned	142,574	30,371	-	57,297	-
	<u>142,574</u>	<u>30,371</u>	<u>-</u>	<u>57,297</u>	<u>-</u>
 Total fund balances	 <u>142,574</u>	 <u>30,371</u>	 <u>20,000</u>	 <u>57,297</u>	 <u>232,204</u>
 Total liabilities, deferred inflows of resources and fund balances (deficits)	 <u>\$ 142,574</u>	 <u>\$ 37,970</u>	 <u>\$ 58,216</u>	 <u>\$ 57,297</u>	 <u>\$ 232,204</u>

**COUNTY OF LASSEN
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015**

	Special Revenue Funds			Special Revenue Total
	Probation Fund	Probation Contracts	Child Support	
ASSETS				
Cash and investments	\$ 379,178	\$ 15,133	\$ 189,829	\$ 8,306,503
Accounts receivable	-	-	-	20,636
Due from other governmental entities	120,767	-	-	952,820
Due from other funds	-	-	-	6,343
Advances to other funds	-	-	-	20,000
Prepaid expenses	-	-	-	10,000
Long-term receivables	-	-	-	38,216
	<u>499,945</u>	<u>15,133</u>	<u>189,829</u>	<u>9,354,518</u>
Total assets	<u>\$ 499,945</u>	<u>\$ 15,133</u>	<u>\$ 189,829</u>	<u>\$ 9,354,518</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 30,492
Accrued salaries	47,495	-	14,909	97,860
Due to other governmental entities	-	-	-	17,475
Due to other funds	-	-	-	135,288
	<u>47,495</u>	<u>-</u>	<u>14,909</u>	<u>281,115</u>
Total liabilities	<u>47,495</u>	<u>-</u>	<u>14,909</u>	<u>281,115</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	38,216
	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,216</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,216</u>
FUND BALANCES (DEFICITS)				
Non-spendable:				
Advances and deposits	-	-	-	20,000
Restricted	-	-	174,920	7,518,582
Assigned	452,450	15,133	-	1,496,605
	<u>452,450</u>	<u>15,133</u>	<u>174,920</u>	<u>9,035,187</u>
Total fund balances	<u>452,450</u>	<u>15,133</u>	<u>174,920</u>	<u>9,035,187</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 499,945</u>	<u>\$ 15,133</u>	<u>\$ 189,829</u>	<u>\$ 9,354,518</u>

**COUNTY OF LASSEN
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015**

	Capital Projects Funds				
	Criminal Justice Facility Construction	Capital Improvements	Capital Improvements Lease	CCC Mitigation Capital Improvements	Accumulated Capital Outlay
ASSETS					
Cash and investments	\$ 54,501	\$ 66,336	\$ 4,002,857	\$ -	\$ 739,173
Accounts receivable	-	-	-	-	-
Due from other governmental entities	-	-	-	-	-
Due from other funds	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Long-term receivables	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 54,501</u>	<u>\$ 66,336</u>	<u>\$ 4,002,857</u>	<u>\$ -</u>	<u>\$ 739,173</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	-	-	-	-
Due to other governmental entities	-	-	-	-	-
Due to other funds	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Non-spendable:					
Advances and deposits	-	-	-	-	-
Restricted	54,501	-	-	-	-
Assigned	-	66,336	4,002,857	-	739,173
	<u>-</u>	<u>66,336</u>	<u>4,002,857</u>	<u>-</u>	<u>739,173</u>
Total fund balances	<u>54,501</u>	<u>66,336</u>	<u>4,002,857</u>	<u>-</u>	<u>739,173</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 54,501</u>	<u>\$ 66,336</u>	<u>\$ 4,002,857</u>	<u>\$ -</u>	<u>\$ 739,173</u>

**COUNTY OF LASSEN
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015**

	Capital Projects Funds			Total Capital Projects Funds	Total Non-Major Governmental Funds
	Courthouse Construction	Fair Improvement	CCF Equipment Replacement Fund		
ASSETS					
Cash and investments	\$ 779,288	\$ 147,563	\$ -	\$ 5,789,718	\$ 14,096,221
Accounts receivable	-	-	-	-	20,636
Due from other governmental entities	-	-	52,138	52,138	1,004,958
Due from other funds	-	-	-	-	6,343
Advances to other funds	-	-	-	-	20,000
Prepaid expenses	-	-	-	-	10,000
Long-term receivables	-	-	-	-	38,216
Total assets	<u>\$ 779,288</u>	<u>\$ 147,563</u>	<u>\$ 52,138</u>	<u>\$ 5,841,856</u>	<u>\$ 15,196,374</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 34,695	\$ 34,695	\$ 65,187
Accrued salaries	-	-	-	-	97,860
Due to other governmental entities	-	-	-	-	17,475
Due to other funds	-	-	11,294	11,294	146,582
Total liabilities	<u>-</u>	<u>-</u>	<u>45,989</u>	<u>45,989</u>	<u>327,104</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	38,216
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,216</u>
FUND BALANCES (DEFICITS)					
Non-spendable:					
Advances and deposits	-	-	-	-	20,000
Restricted	779,288	-	-	833,789	8,352,371
Assigned	-	147,563	6,149	4,962,078	6,458,683
Total fund balances	<u>779,288</u>	<u>147,563</u>	<u>6,149</u>	<u>5,795,867</u>	<u>14,831,054</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 779,288</u>	<u>\$ 147,563</u>	<u>\$ 52,138</u>	<u>\$ 5,841,856</u>	<u>\$ 15,196,374</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds				
	Prison		Sheriff	HHS	
	Trial Program Fund	DA Contracts Fund	Contracts Fund	Contracts Fund	Fish & Game Fund
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	873,993	117,896	71,103	150,000	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	2,341
Use of money and property	347	-	296	85	-
Other revenues	<u>1,191</u>	<u>103</u>	<u>589</u>	<u>162</u>	<u>-</u>
Total revenues	<u>875,531</u>	<u>117,999</u>	<u>71,988</u>	<u>150,247</u>	<u>2,341</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public protection	1,020,329	113,978	43,569	-	3,183
Public ways and facilities	-	-	-	-	-
Health and sanitation	-	-	-	150,703	-
Public assistance	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>17,982</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,020,329</u>	<u>113,978</u>	<u>61,551</u>	<u>150,703</u>	<u>3,183</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(144,798)</u>	<u>4,021</u>	<u>10,437</u>	<u>(456)</u>	<u>(842)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds of capital lease	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(144,798)	4,021	10,437	(456)	(842)
Fund balances - beginning of year	<u>228,604</u>	<u>4,157</u>	<u>113,326</u>	<u>16,751</u>	<u>1,859</u>
Fund balances - end of year	<u>\$ 83,806</u>	<u>\$ 8,178</u>	<u>\$ 123,763</u>	<u>\$ 16,295</u>	<u>\$ 1,017</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds				
	Mental Health Services Act	General Contract	Cemetery Fund	Aviation Fund	TCF/Bailiff Fund
REVENUES					
Taxes	\$ -	\$ -	\$ 107,572	\$ -	\$ -
Licenses and permits	-	-	1,134	-	-
Intergovernmental	2,695,924	-	1,804	-	176,863
Charges for services	4,360	120,978	-	-	292,730
Fines and forfeitures	-	-	-	-	-
Use of money and property	18,335	577	481	1,127	-
Other revenues	<u>3,031</u>	<u>51</u>	<u>8,469</u>	<u>1,163</u>	<u>260</u>
Total revenues	<u>2,721,650</u>	<u>121,606</u>	<u>119,460</u>	<u>2,290</u>	<u>469,853</u>
EXPENDITURES					
Current:					
General government	-	92,546	-	-	-
Public protection	-	-	126,895	-	381,309
Public ways and facilities	-	-	-	18,694	-
Health and sanitation	2,026,188	-	-	-	-
Public assistance	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>2,026,188</u>	<u>92,546</u>	<u>126,895</u>	<u>18,694</u>	<u>381,309</u>
Excess (deficiency) of revenues over (under) expenditures	<u>695,462</u>	<u>29,060</u>	<u>(7,435)</u>	<u>(16,404)</u>	<u>88,544</u>
OTHER FINANCING SOURCES (USES)					
Proceeds of capital lease	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	<u>(212,993)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(212,993)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	482,469	29,060	(7,435)	(16,404)	88,544
Fund balances - beginning of year	<u>2,076,534</u>	<u>179,511</u>	<u>153,981</u>	<u>393,605</u>	<u>63,449</u>
Fund balances - end of year	<u>\$ 2,559,003</u>	<u>\$ 208,571</u>	<u>\$ 146,546</u>	<u>\$ 377,201</u>	<u>\$ 151,993</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds			
	Supplemental Law Enforcement Fund	Vital Statistics	Recorder Micrographics	Recorder Modernization
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	742,277	-	-	-
Charges for services	-	5,838	8,357	27,159
Fines and forfeitures	-	-	-	-
Use of money and property	838	209	477	440
Other revenues	-	-	-	-
Total revenues	<u>743,115</u>	<u>6,047</u>	<u>8,834</u>	<u>27,599</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public protection	80,975	629	9,694	25,242
Public ways and facilities	-	-	-	-
Health and sanitation	-	-	-	-
Public assistance	-	-	-	-
Recreation and culture	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>80,975</u>	<u>629</u>	<u>9,694</u>	<u>25,242</u>
Excess (deficiency) of revenues over (under) expenditures	<u>662,140</u>	<u>5,418</u>	<u>(860)</u>	<u>2,357</u>
OTHER FINANCING SOURCES (USES)				
Proceeds of capital lease	-	-	-	-
Transfers in	-	-	-	-
Transfers out	<u>(620,389)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(620,389)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	41,751	5,418	(860)	2,357
Fund balances - beginning of year	<u>141,436</u>	<u>68,220</u>	<u>163,117</u>	<u>145,544</u>
Fund balances - end of year	<u>\$ 183,187</u>	<u>\$ 73,638</u>	<u>\$ 162,257</u>	<u>\$ 147,901</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds				
	Recorder AB130	Inmate Welfare State	Inmate Welfare County	Narcotics Asset Forfeiture Fund	Narcotics Task Force Fund
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	77,843
Charges for services	12,284	-	17,586	-	-
Fines and forfeitures	-	-	-	8,855	-
Use of money and property	88	222	487	112	383
Other revenues	-	-	64,952	52	3,296
Total revenues	<u>12,372</u>	<u>222</u>	<u>83,025</u>	<u>9,019</u>	<u>81,522</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public protection	80	10,142	110,018	8,106	4,594
Public ways and facilities	-	-	-	-	-
Health and sanitation	-	-	-	-	-
Public assistance	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>80</u>	<u>10,142</u>	<u>110,018</u>	<u>8,106</u>	<u>4,594</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,292</u>	<u>(9,920)</u>	<u>(26,993)</u>	<u>913</u>	<u>76,928</u>
OTHER FINANCING SOURCES (USES)					
Proceeds of capital lease	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	(15,000)	-	-	-	(80,465)
Total other financing sources (uses)	<u>(15,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(80,465)</u>
Net change in fund balances	(2,708)	(9,920)	(26,993)	913	(3,537)
Fund balances - beginning of year	<u>31,992</u>	<u>75,705</u>	<u>173,225</u>	<u>35,792</u>	<u>121,658</u>
Fund balances - end of year	<u>\$ 29,284</u>	<u>\$ 65,785</u>	<u>\$ 146,232</u>	<u>\$ 36,705</u>	<u>\$ 118,121</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds				
	Emergency Services Fund	Property Tax Delinquent Costs Fund	Bieber Lighting District	Lassen- Modoc Flood Fund	Natural Resources
REVENUES					
Taxes	\$ -	\$ -	\$ 2,647	\$ 9,616	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	45	163	26,998
Charges for services	-	49,030	-	-	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	417	78	88	392	215
Other revenues	<u>157</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136</u>
Total revenues	<u>574</u>	<u>49,108</u>	<u>2,780</u>	<u>10,171</u>	<u>27,349</u>
EXPENDITURES					
Current:					
General government	-	26,737	-	-	-
Public protection	966	-	3,113	-	-
Public ways and facilities	-	-	-	16,550	-
Health and sanitation	-	-	-	-	-
Public assistance	-	-	-	-	-
Recreation and culture	-	-	-	-	83,211
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,877</u>
Total expenditures	<u>966</u>	<u>26,737</u>	<u>3,113</u>	<u>16,550</u>	<u>139,088</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(392)</u>	<u>22,371</u>	<u>(333)</u>	<u>(6,379)</u>	<u>(111,739)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds of capital lease	-	-	-	-	-
Transfers in	-	-	-	-	110,000
Transfers out	<u>-</u>	<u>(30,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(30,000)</u>	<u>-</u>	<u>-</u>	<u>110,000</u>
Net change in fund balances	(392)	(7,629)	(333)	(6,379)	(1,739)
Fund balances - beginning of year	<u>142,562</u>	<u>41,593</u>	<u>29,927</u>	<u>128,561</u>	<u>71,190</u>
Fund balances - end of year	<u>\$ 142,170</u>	<u>\$ 33,964</u>	<u>\$ 29,594</u>	<u>\$ 122,182</u>	<u>\$ 69,451</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds				
	Geothermal	Mental Health Realignment	Social Services Realignment	Public Health Realignment	County Children's Fund
REVENUES					
Taxes	\$ -	\$ 1,130,977	\$ 898,352	\$ 178,413	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	20,445	-	-	-	557
Charges for services	-	-	-	-	3,125
Fines and forfeitures	-	-	-	-	-
Use of money and property	647	2,014	3,245	2,546	133
Other revenues	109	-	-	-	25
Total revenues	<u>21,201</u>	<u>1,132,991</u>	<u>901,597</u>	<u>180,959</u>	<u>3,840</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public protection	4,360	-	-	-	-
Public ways and facilities	-	-	-	-	-
Health and sanitation	-	74,463	-	29,960	-
Public assistance	-	-	-	-	12,193
Recreation and culture	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>4,360</u>	<u>74,463</u>	<u>-</u>	<u>29,960</u>	<u>12,193</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,841</u>	<u>1,058,528</u>	<u>901,597</u>	<u>150,999</u>	<u>(8,353)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds of long-term capital-related debt	-	-	-	-	-
Transfers in	-	41,376	1,352,427	1,303,598	-
Transfers out	-	(810,813)	(2,251,166)	(1,480,354)	-
Total other financing sources (uses)	<u>-</u>	<u>(769,437)</u>	<u>(898,739)</u>	<u>(176,756)</u>	<u>-</u>
Net change in fund balances	16,841	289,091	2,858	(25,757)	(8,353)
Fund balances - beginning of year	<u>211,772</u>	<u>584,762</u>	<u>988,254</u>	<u>768,040</u>	<u>45,886</u>
Fund balances - end of year	<u>\$ 228,613</u>	<u>\$ 873,853</u>	<u>\$ 991,112</u>	<u>\$ 742,283</u>	<u>\$ 37,533</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds				
	Tobacco Settlement Fund	Fair	Economic Development & Housing Income	Loss Prevention Fund	USDA Title III
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	36,000	-	-	122,348
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	487	506,051	-	222	351
Other revenues	<u>304,187</u>	<u>157</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>304,674</u>	<u>542,208</u>	<u>-</u>	<u>222</u>	<u>122,699</u>
EXPENDITURES					
Current:					
General government	250,000	659,453	-	1,357	-
Public protection	-	-	-	-	4,081
Public ways and facilities	-	-	-	-	-
Health and sanitation	-	-	-	-	-
Public assistance	-	-	37,843	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>250,000</u>	<u>659,453</u>	<u>37,843</u>	<u>1,357</u>	<u>4,081</u>
Excess (deficiency) of revenues over (under) expenditures	<u>54,674</u>	<u>(117,245)</u>	<u>(37,843)</u>	<u>(1,135)</u>	<u>118,618</u>
OTHER FINANCING SOURCES (USES)					
Proceeds of long-term capital-related debt	-	-	-	-	-
Transfers in	-	69,010	-	-	-
Transfers out	<u>(200,000)</u>	<u>-</u>	<u>(10,696)</u>	<u>(40,000)</u>	<u>(16,657)</u>
Total other financing sources (uses)	<u>(200,000)</u>	<u>69,010</u>	<u>(10,696)</u>	<u>(40,000)</u>	<u>(16,657)</u>
Net change in fund balances	(145,326)	(48,235)	(48,539)	(41,135)	101,961
Fund balances - beginning of year	<u>287,900</u>	<u>78,606</u>	<u>68,539</u>	<u>98,432</u>	<u>130,243</u>
Fund balances - end of year	<u>\$ 142,574</u>	<u>\$ 30,371</u>	<u>\$ 20,000</u>	<u>\$ 57,297</u>	<u>\$ 232,204</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds			Special Revenue Total
	Probation Fund	Probation Contracts	Child Support	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 2,327,577
Licenses and permits	-	-	-	1,134
Intergovernmental	576,584	-	894,531	6,585,374
Charges for services	160,909	-	-	702,356
Fines and forfeitures	537,614	-	-	548,810
Use of money and property	39,382	189	666	581,627
Other revenues	17,341	-	8,031	413,462
Total revenues	<u>1,331,830</u>	<u>189</u>	<u>903,228</u>	<u>11,160,340</u>
EXPENDITURES				
Current:				
General government	-	-	-	1,030,093
Public protection	2,508,880	1,384	911,294	5,372,821
Public ways and facilities	-	-	-	35,244
Health and sanitation	-	-	-	2,281,314
Public assistance	-	-	-	50,036
Recreation and culture	-	-	-	83,211
Capital outlay	-	-	-	73,859
Total expenditures	<u>2,508,880</u>	<u>1,384</u>	<u>911,294</u>	<u>8,926,578</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,177,050)</u>	<u>(1,195)</u>	<u>(8,066)</u>	<u>2,233,762</u>
OTHER FINANCING SOURCES (USES)				
Proceeds of long-term capital-related debt	-	-	-	-
Transfers in	1,313,019	-	-	4,189,430
Transfers out	-	(41,319)	-	(5,809,852)
Total other financing sources (uses)	<u>1,313,019</u>	<u>(41,319)</u>	<u>-</u>	<u>(1,620,422)</u>
Net change in fund balances	135,969	(42,514)	(8,066)	613,340
Fund balances - beginning of year	<u>316,481</u>	<u>57,647</u>	<u>182,986</u>	<u>8,421,847</u>
Fund balances - end of year	<u>\$ 452,450</u>	<u>\$ 15,133</u>	<u>\$ 174,920</u>	<u>\$ 9,035,187</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Capital Projects Funds				
	Criminal Justice Facility Construction	Capital Improvements	Capital Improvements Lease	CCC Mitigation Capital Improvements	Accumulated Capital Outlay
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 224,292
Licenses and permits	-	-	-	-	-
Intergovernmental	-	179,468	-	-	3,760
Charges for services	-	-	-	-	-
Fines and forfeitures	57,892	-	-	-	-
Use of money and property	235	101	1,121	-	-
Other revenues	888	-	-	-	-
Total revenues	<u>59,015</u>	<u>179,569</u>	<u>1,121</u>	<u>-</u>	<u>228,052</u>
EXPENDITURES					
Current:					
General government	868	9,233	78,264	-	36,934
Public protection	-	-	-	-	-
Public ways and facilities	-	-	-	-	-
Health and sanitation	-	-	-	-	-
Public assistance	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	<u>20,000</u>	<u>187,921</u>	<u>-</u>	<u>-</u>	<u>123,597</u>
Total expenditures	<u>20,868</u>	<u>197,154</u>	<u>78,264</u>	<u>-</u>	<u>160,531</u>
Excess (deficiency) of revenues over (under) expenditures	<u>38,147</u>	<u>(17,585)</u>	<u>(77,143)</u>	<u>-</u>	<u>67,521</u>
OTHER FINANCING SOURCES (USES)					
Proceeds of capital lease	-	-	4,080,000	-	-
Transfers in	-	150,000	-	-	-
Transfers out	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>(299,663)</u>	<u>(150,000)</u>
Total other financing sources (uses)	<u>(200,000)</u>	<u>150,000</u>	<u>4,080,000</u>	<u>(299,663)</u>	<u>(150,000)</u>
Net change in fund balances	(161,853)	132,415	4,002,857	(299,663)	(82,479)
Fund balances - beginning of year	<u>216,354</u>	<u>(66,079)</u>	<u>-</u>	<u>299,663</u>	<u>821,652</u>
Fund balances - end of year	<u>\$ 54,501</u>	<u>\$ 66,336</u>	<u>\$ 4,002,857</u>	<u>\$ -</u>	<u>\$ 739,173</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Capital Projects Funds			Total Capital Projects Funds	Total Non-Major Governmental Funds
	Courthouse Construction	Fair Improvement	CCF Equipment Replacement Fund		
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ 224,292	\$ 2,551,869
Licenses and permits	-	-	-	-	1,134
Intergovernmental	-	-	149,641	332,869	6,918,243
Charges for services	-	-	-	-	702,356
Fines and forfeitures	96,689	-	-	154,581	703,391
Use of money and property	2,127	503	-	4,087	585,714
Other revenues	-	-	-	888	414,350
Total revenues	<u>98,816</u>	<u>503</u>	<u>149,641</u>	<u>716,717</u>	<u>11,877,057</u>
EXPENDITURES					
Current:					
General government	-	20,738	-	146,037	1,176,130
Public protection	-	-	2,546	2,546	5,375,367
Public ways and facilities	-	-	-	-	35,244
Health and sanitation	-	-	-	-	2,281,314
Public assistance	-	-	-	-	50,036
Recreation and culture	-	-	-	-	83,211
Capital outlay	-	10,400	138,682	480,600	554,459
Total expenditures	<u>-</u>	<u>31,138</u>	<u>141,228</u>	<u>629,183</u>	<u>9,555,761</u>
Excess (deficiency) of revenues over (under) expenditures	<u>98,816</u>	<u>(30,635)</u>	<u>8,413</u>	<u>87,534</u>	<u>2,321,296</u>
OTHER FINANCING SOURCES (USES)					
Proceeds of capital lease	-	-	-	4,080,000	4,080,000
Transfers in	-	-	-	150,000	4,339,430
Transfers out	-	-	-	(649,663)	(6,459,515)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,580,337</u>	<u>1,959,915</u>
Net change in fund balances	98,816	(30,635)	8,413	3,667,871	4,281,211
Fund balances - beginning of year	<u>680,472</u>	<u>178,198</u>	<u>(2,264)</u>	<u>2,127,996</u>	<u>10,549,843</u>
Fund balances - end of year	<u>\$ 779,288</u>	<u>\$ 147,563</u>	<u>\$ 6,149</u>	<u>\$ 5,795,867</u>	<u>\$ 14,831,054</u>

**COUNTY OF LASSEN
COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS
JUNE 30, 2015**

	County Service Area (Honey Lake TV)	County Business Parks	County Water Systems	Total
ASSETS				
Current assets:				
Cash and investments	\$ 21,866	\$ 10,321	\$ -	\$ 32,187
Total current assets	<u>21,866</u>	<u>10,321</u>	<u>-</u>	<u>32,187</u>
Noncurrent assets:				
Capital assets:				
Non-depreciable	-	356,959	-	356,959
Depreciable, net	<u>69,341</u>	<u>497,618</u>	<u>-</u>	<u>566,959</u>
Total noncurrent assets	<u>69,341</u>	<u>854,577</u>	<u>-</u>	<u>923,918</u>
Total assets	<u>91,207</u>	<u>864,898</u>	<u>-</u>	<u>956,105</u>
LIABILITIES				
Current liabilities:				
Accounts payable	-	-	-	-
Due to other funds	-	-	-	-
Salaries and benefits payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Noncurrent liabilities:				
Advances from other funds	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total noncurrent liabilities	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total liabilities	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
NET POSITION				
Net investment in capital assets	69,341	854,577	-	923,918
Unrestricted	<u>21,866</u>	<u>(9,679)</u>	<u>-</u>	<u>12,187</u>
Total net position	<u>\$ 91,207</u>	<u>\$ 844,898</u>	<u>\$ -</u>	<u>\$ 936,105</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	County Service Area (Honey Lake TV)	County Business Parks	County Water Systems	Total
Operating revenues:				
Charges for sales and services	\$ 40,019	\$ 18,231	\$ 6,572	\$ 64,822
Other	<u>74</u>	<u>1,235</u>	<u>-</u>	<u>1,309</u>
Total operating revenues	<u>40,093</u>	<u>19,466</u>	<u>6,572</u>	<u>66,131</u>
Operating expenses:				
Services and supplies	41,343	15,392	3,204	59,939
Depreciation	<u>16,213</u>	<u>20,742</u>	<u>-</u>	<u>36,955</u>
Total operating expenses	<u>57,556</u>	<u>36,134</u>	<u>3,204</u>	<u>96,894</u>
Operating income (loss)	<u>(17,463)</u>	<u>(16,668)</u>	<u>3,368</u>	<u>(30,763)</u>
Nonoperating revenues (expenses):				
Debt forgiveness	-	-	37,843	37,843
Contributions to other governments	-	-	(25,000)	(25,000)
Interest income	<u>138</u>	<u>26</u>	<u>3</u>	<u>167</u>
Total nonoperating revenues (expenses)	<u>138</u>	<u>26</u>	<u>12,846</u>	<u>13,010</u>
Change in net position	(17,325)	(16,642)	16,214	(17,753)
Net position, beginning of year	<u>108,532</u>	<u>861,540</u>	<u>(16,214)</u>	<u>953,858</u>
Net position, end of year	<u>\$ 91,207</u>	<u>\$ 844,898</u>	<u>\$ -</u>	<u>\$ 936,105</u>

**COUNTY OF LASSEN
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	County Service Area (Honey Lake TV)	County Business Parks	County Water Systems	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 40,093	\$ 19,468	\$ 48,944	\$ 108,505
Cash paid to suppliers for goods and services	<u>(41,343)</u>	<u>(15,394)</u>	<u>(3,204)</u>	<u>(59,941)</u>
Net cash provided by (used) for operating activities	<u>(1,250)</u>	<u>4,074</u>	<u>45,740</u>	<u>48,564</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advances to/from other funds	<u>-</u>	<u>-</u>	<u>(48,529)</u>	<u>(48,529)</u>
Net cash provided by (used) for noncapital financing activities	<u>-</u>	<u>-</u>	<u>(48,529)</u>	<u>(48,529)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payment for acquisition of capital assets	<u>(20,370)</u>	<u>-</u>	<u>-</u>	<u>(20,370)</u>
Net cash provided by (used) for capital and related financing activities	<u>(20,370)</u>	<u>-</u>	<u>-</u>	<u>(20,370)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	<u>138</u>	<u>26</u>	<u>3</u>	<u>167</u>
Net cash provided by (used) for investing activities	<u>138</u>	<u>26</u>	<u>3</u>	<u>167</u>
Net increase (decrease) in cash and cash equivalents	(21,482)	4,100	(2,786)	(20,168)
Cash and cash equivalents, beginning of the year	<u>43,348</u>	<u>6,221</u>	<u>2,786</u>	<u>52,355</u>
Cash and cash equivalents, end of the year	<u>\$ 21,866</u>	<u>\$ 10,321</u>	<u>\$ -</u>	<u>\$ 32,187</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (17,463)	\$ (16,668)	\$ 3,368	(30,763)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	16,213	20,742	-	36,955
Changes in assets and liabilities:				
Increase (decrease) in:				
Due from other funds	-	-	4,532	4,532
Due to other funds	<u>-</u>	<u>-</u>	<u>37,840</u>	<u>37,840</u>
Net cash provided (used) by operating activities	<u>\$ (1,250)</u>	<u>\$ 4,074</u>	<u>\$ 45,740</u>	<u>\$ 48,564</u>

INTERNAL SERVICE FUNDS

**COUNTY OF LASSEN
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2015**

	Information Services	Fleet Maintenance	Total
ASSETS			
Current assets:			
Cash and investments	\$ 157,456	\$ 638,851	\$ 796,307
Total current assets	157,456	638,851	796,307
Noncurrent assets:			
Capital assets:			
Depreciable, net	33,238	748,971	782,209
Total noncurrent assets	33,238	748,971	782,209
Total assets	190,694	1,387,822	1,578,516
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pensions	13,068	27,345	40,413
Total deferred outflows of resources	13,068	27,345	40,413
LIABILITIES			
Current liabilities:			
Accounts payable	3,351	-	3,351
Salaries and benefits payable	4,457	3,281	7,738
Total current liabilities	7,808	3,281	11,089
Noncurrent liabilities:			
Net pension liability	110,055	206,619	316,674
Total noncurrent liabilities	110,055	206,619	316,674
Total liabilities	117,863	209,900	327,763
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pensions	48,098	102,451	150,549
Total deferred inflows of resources	48,098	102,451	150,549
NET POSITION			
Net investment in capital assets	33,238	748,971	782,209
Unrestricted	4,563	353,845	358,408
Total net position	\$ 37,801	\$ 1,102,816	\$ 1,140,617

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Information Services	Fleet Maintenance	Total
Operating revenues:			
Charges for services	\$ 624,978	\$ 938,799	\$ 1,563,777
Other revenue	<u>500</u>	<u>28,782</u>	<u>29,282</u>
Total operating revenues	<u>625,478</u>	<u>967,581</u>	<u>1,593,059</u>
Operating expenses:			
Salaries and benefits	152,624	127,977	280,601
Services and supplies	447,634	392,756	840,390
Depreciation	<u>16,552</u>	<u>273,302</u>	<u>289,854</u>
Total operating expenses	<u>616,810</u>	<u>794,035</u>	<u>1,410,845</u>
Operating income (loss)	<u>8,668</u>	<u>173,546</u>	<u>182,214</u>
Nonoperating revenues (expenses):			
Interest income	511	1,293	1,804
Gain (loss) on disposal of assets	<u>-</u>	<u>22,084</u>	<u>22,084</u>
Total nonoperating revenues (expenses)	<u>511</u>	<u>23,377</u>	<u>23,888</u>
Change in net position	9,179	196,923	206,102
Change in accounting principle	<u>146,946</u>	<u>285,618</u>	<u>432,564</u>
Net position, beginning of the year (restated)	<u>28,622</u>	<u>905,893</u>	<u>934,515</u>
Net position, end of year	<u>\$ 37,801</u>	<u>\$ 1,102,816</u>	<u>\$ 1,140,617</u>

**COUNTY OF LASSEN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	Information Services	Fleet Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from interfund services provided	\$ 625,477	\$ 967,582	\$ 1,593,059
Cash paid to suppliers for goods and services	(444,285)	(392,756)	(837,041)
Cash paid to employees for services	(158,961)	(135,685)	(294,646)
Net cash provided by (used) for operating activities	<u>22,231</u>	<u>439,141</u>	<u>461,372</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of capital assets	-	22,084	22,084
Payment for the acquisition of capital assets	(9,030)	(269,771)	(278,801)
Net cash provided by (used) for capital and related financing activities	<u>(9,030)</u>	<u>(247,687)</u>	<u>(256,717)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	511	1,293	1,804
Net cash provided by (used) for investing activities	<u>511</u>	<u>1,293</u>	<u>1,804</u>
Net increase (decrease) in cash and cash equivalents	13,712	192,747	206,459
Cash and cash equivalents, beginning of year	<u>143,744</u>	<u>446,104</u>	<u>589,848</u>
Cash and cash equivalents, end of year	<u>\$ 157,456</u>	<u>\$ 638,851</u>	<u>\$ 796,307</u>
Reconciliation of operating income (loss) to net cash provided by (used) for operating activities:			
Operating income (loss)	\$ 8,668	\$ 173,546	\$ 182,214
Adjustments to reconcile operating income (loss) to net cash provided by (used) for operating activities:			
Depreciation	16,552	273,302	289,854
Changes in assets and liabilities:			
(Increase) decrease in:			
Deferred outflows of resources for pensions	(13,068)	(27,345)	(40,413)
Increase (decrease) in:			
Accounts payable	3,348	-	3,348
Accrued salaries	(4,476)	(3,814)	(8,290)
Net pension liability	(36,891)	(78,999)	(115,890)
Deferred inflows of resources for pensions	48,098	102,451	150,549
Net cash provided by (used) for operating activities	<u>\$ 22,231</u>	<u>\$ 439,141</u>	<u>\$ 461,372</u>