

COUNTY OF SUTTER
AUDIT REPORT
JUNE 30, 2015

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**COUNTY OF SUTTER
AUDIT REPORT
JUNE 30, 2015**

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INDEPENDENT AUDITOR'S REPORT

Honorable Grand Jury and Board of Supervisors
County of Sutter, 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 Sutter, California, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 Sutter, 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

Implementation of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, the County adopted new accounting guidance, 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*, effective July 1, 2014. 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, budgetary comparison information, and schedules of funding progress, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The supplementary information is the responsibility of management and was derived from and relates 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 supplementary information is 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 March 31, 2016 on our consideration of the County of Sutter'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 County of Sutter's internal control over financial reporting and compliance.



Roseville, California
March 31, 2016

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD & A)**

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COUNTY OF SUTTER

Management's Discussion and Analysis For the Year Ended June 30, 2015

As management of the County of Sutter (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2015.

Financial Highlights

- The assets and deferred outflows of the County exceeded its liabilities and deferred inflows at the close of the fiscal year by \$49,654,615 (total net position). Of this amount, \$72,074,699 is restricted for specific purposes (restricted net position), and \$74,499,039 is net investment in capital assets. The negative unrestricted balance of \$(96,919,123) is a significant decrease from prior year as a result of recognizing and recording the county's unfunded pension liability pursuant to the Governmental Accounting Standards Board (GASB) Statement 68.
- The County's total net position decreased by \$100,765,579. As mentioned, this decrease in net position was attributable primarily to new reporting requirements related to the pension liability.
- As of June 30, 2015 the County's governmental funds reported combined fund balances of \$90,156,726, an increase of \$4,216,011. This increase in fund balance was attributable to revenues in excess of expenditures. Approximately 93% of the combined fund balances, \$87,095,367 is available to meet the County's current and future needs (spendable fund balance). Of the spendable fund balance, \$62,025,491 or approximately 69% is restricted by law for specific purposes. The Board of Supervisors has committed or assigned \$15,854,720 or approximately 18% for specific purposes. At the end of the fiscal year, spendable fund balance for the General Fund was \$22,546,698 or approximately 115% of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is 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. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

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

Statement of Activities presents information showing how the County's 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 only result in cash flows in future fiscal periods (e.g., long-term notes, loans, and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (**governmental activities**) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (**business-type activities**). The governmental activities of the County include general government, public safety,

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Management's Discussion and Analysis For the Year Ended June 30, 2015

highways and streets, sanitation, health and social services, culture-recreation, public improvement, planning and zoning, and general administrative services and internal service funds. The business-type activities of the County include Water Works District No. 1.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other states and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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 fund financial statements focus on (1) how cash and other financial assets can readily be converted to available resources and (2) the balances left at year-end that are available for spending. Such information may be useful in determining what financial resources are available in the near future to finance the County's programs.

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 financial 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 several individual governmental funds organized according to their type (special revenue, debt service and capital projects). 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, Bi-County Mental Health Fund, Welfare Fund, Public Safety/Trial Courts Fund, Mental Health Services Act Fund, Public Safety Realignment Fund, and Capital Projects Fund and are considered to be major funds. Data from the other governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual budget for its General Fund and special revenue funds. A budgetary comparison schedule has been provided for these funds to demonstrate compliance with this budget.

Proprietary Funds include enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for Water Works District No. 1. Internal service funds are an accounting device used to accumulate and allocate cost internally among the County's various functions. The County uses internal service funds to account for General Liability and Workers' Compensation insurance. Other internal service funds include Fleet Management and Information Technology. Because these services 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 proprietary fund financial statements provide separate information for Water Works District No. 1. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

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Management's Discussion and Analysis
For the Year Ended June 30, 2015

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.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's process in developing, executing and monitoring its budgeting process. The combining statements referred to earlier in connection with non-major governmental funds, non-major enterprise funds and internal service funds are presented immediately following the required supplementary information on pensions.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Condensed Statement of Net Position

					Total		Dollar Change 2015 to 2014	% Change 2015 to 2014
	Governmental Activities		Business-Type Activities		Total			
	2015	2014	2015	2014	2015	2014		
Current and other assets	\$ 120,866,862	\$ 112,030,382	\$ (1,028,112)	\$ (1,074,604)	\$ 119,838,750	\$ 110,955,778	\$ 8,882,972	8.0%
Capital assets	77,332,860	73,935,984	2,432,923	2,410,235	79,765,783	76,346,219	3,419,564	4.5%
Total Assets	198,199,722	185,966,366	1,404,811	1,335,631	199,604,533	187,301,997	12,302,536	6.6%
Deferred outflows of resources								
Deferred pension	11,750,483	--	--	--	11,750,483	--	11,750,483	100.0%
Current and other liabilities	17,644,961	13,219,746	3,498	27,149	17,648,459	13,246,895	4,401,564	33.2%
Long term liabilities	132,805,610	23,560,019	66,647	74,889	132,872,257	23,634,908	109,237,349	462.2%
Total Liabilities	150,450,571	36,779,765	70,145	102,038	150,520,716	36,881,803	113,638,913	308.1%
Deferred inflows of resources								
Deferred pension	11,179,685	--	--	--	11,179,685	--	11,179,685	100.0%
Net investment in capital assets	72,132,763	70,413,624	2,366,276	2,335,346	74,499,039	72,748,970	1,750,069	2.4%
Restricted	72,074,699	66,935,186	--	--	72,074,699	66,935,186	5,139,513	7.7%
Unrestricted	(95,887,513)	11,837,791	(1,031,610)	(1,101,753)	(96,919,123)	10,736,038	(107,655,161)	-1002.7%
Total Net Position	\$ 48,319,949	\$ 149,186,601	\$ 1,334,666	\$ 1,233,593	\$ 49,654,615	\$ 150,420,194	\$ (100,765,579)	-67.0%

Analysis of Statement of Net Position

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 exceeded liabilities by \$49,654,615 at the close of the most recent fiscal year.

The largest portion of the County's net position, \$74,499,039 (a 2.4% increase), reflects its investment in capital assets (e.g. land, infrastructure, buildings, machinery, and equipment), less any related outstanding 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.

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Management's Discussion and Analysis
For the Year Ended June 30, 2015

Another significant portion of the County's net position, \$72,074,699, represents resources that are subject to external restrictions on how they may be used. As previously discussed, the remaining balance of total net position is negative unrestricted balance of \$(96,919,123) primarily made up of the county's unfunded pension liability.

Analysis of Statement of Changes in Net Position

Analysis of the detail of Changes in Net Position from the previous year:

	Statement of Activities						Total	
	Governmental Activities		Business-Type Activities		Total		Dollar Change 2015 to 2014	% Change 2015 to 2014
	2015	2014	2015	2014	2015	2014		
Program revenues:								
Fees, fines & charges								
for services	\$ 8,885,539	\$ 8,625,044	\$ 219,078	\$ 178,267	\$ 9,104,617	\$ 8,803,311	\$ 301,306	3.4%
Operating grants	104,540,221	100,772,104	245,759	--	104,785,980	100,772,104	4,013,876	4.0%
Capital grants	114,183	132,000	--	88,241	114,183	220,241	(106,058)	-48.2%
General revenues:								
Property taxes	27,174,628	25,642,259	--	--	27,174,628	25,642,259	1,532,369	6.0%
Property taxes in lieu								
of sales taxes	910,235	750,281	--	--	910,235	750,281	159,954	21.3%
Franchise taxes	1,544,781	1,246,886	--	--	1,544,781	1,246,886	297,895	23.9%
Sales and use taxes	2,852,642	2,974,363	--	--	2,852,642	2,974,363	(121,721)	-4.1%
Transportation taxes	1,516,207	801,408	--	--	1,516,207	801,408	714,799	89.2%
Transfer taxes	360,156	304,364	--	--	360,156	304,364	55,792	18.3%
Other	297,661	317,987	--	--	297,661	317,987	(20,326)	-6.4%
Unrestricted interest and								
investment earnings	968,109	1,661,760	2,464	5,031	970,573	1,666,791	(696,218)	-41.8%
Tobacco settlement	825,841	834,216	--	--	825,841	834,216	(8,375)	-1.0%
Miscellaneous	1,041,757	923,025	12,556	--	1,054,313	923,025	131,288	14.2%
Total Revenues	151,031,960	144,985,697	479,857	271,539	151,511,817	145,257,236	6,254,581	4.3%
Expenses:								
General government	11,551,921	11,002,694	--	--	11,551,921	11,002,694	549,227	5.0%
Public protection	42,751,973	47,486,379	--	--	42,751,973	47,486,379	(4,734,406)	-10.0%
Public ways and facilities	12,704,606	7,970,863	--	--	12,704,606	7,970,863	4,733,743	59.4%
Health and sanitation	39,832,337	34,294,236	--	--	39,832,337	34,294,236	5,538,101	16.1%
Public assistance	40,032,697	38,115,626	--	--	40,032,697	38,115,626	1,917,071	5.0%
Education	1,596,059	1,485,826	--	--	1,596,059	1,485,826	110,233	7.4%
Recreation and culture	708,523	649,470	--	--	708,523	649,470	59,053	9.1%
Community development	30,329	176,547	--	--	30,329	176,547	(146,218)	-82.8%
Interest and fiscal charges	346,519	265,402	--	--	346,519	265,402	81,117	30.6%
Water Works District No. 1	--	--	378,784	431,306	378,784	431,306	(52,522)	-12.2%
Total Expenses	149,554,964	141,447,043	378,784	431,306	149,933,748	141,878,349	8,055,399	5.7%
Change in Net Position	1,476,996	3,538,654	101,073	(159,767)	1,578,069	3,378,887	(1,800,818)	-53.3%
Net Position, beginning, restated	46,842,953	145,647,947	1,233,593	1,393,360	48,076,546	147,041,307	(98,964,761)	(67.30)
Net Position, ending	\$ 48,319,949	\$ 149,186,601	\$ 1,334,666	\$ 1,233,593	\$ 49,654,615	\$ 150,420,194	\$ (100,765,579)	(66.99)

Significant Program revenue changes this year include:

- Program revenue increase in fees, fines & charges for services of \$301,306 (3.42% increase). Generally, these are monies received from the public and are used by the department that collected them.
- Program revenue increase in operating grants of \$4,013,876 (3.98% increase). These are received according to state and federal requirements, i.e. discretionary use of these funds is limited.

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Management's Discussion and Analysis For the Year Ended June 30, 2015

Significant General revenue changes this year include:

- General revenue decrease in Unrestricted Interest and Investment Earnings of \$696,218 (41.77% decrease). The decrease is due primarily to unrealized losses on investments held in the county treasury.
- General revenue decrease in Sales and Use taxes of \$121,721 (4.09% decrease). The percentage decrease is notable, indicating economic activity declined slightly during the year.
- General revenue increases in Miscellaneous of \$131,288 (14.22% increase) and revenue decreases in Other of \$20,326 (6.39% decrease). These accounts vary from year to year.

Changes in Net position of Business-Type activities reflect changes using the same principles as private sector accounting but there is no profit/loss factor. Solvency of the funds is dependent on users paying rates that reflect the cost of providing services on a breakeven basis. Losses that cannot be recovered through user charges become a liability of the general fund, so it is important that management closely monitors revenues and expenses to ensure the solvency of the funds. The decrease in expenses of Water Works District No. 1 of \$52,522 (12.18% decrease) is a positive change from the year over year increases of the past few years.

The increase in General Government expenses of \$265,064 (2.41% increase) was a positive outcome when compared to the 5.9% growth in property tax revenue, largely as a result of cost cutting measures such as consolidating multiple departments into just two, General Services and Development Services, as well as slow growth in new hires.

ANALYSIS OF THE GOVERNMENT'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, and Capital Projects 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 year (committed, assigned, and unassigned fund balance). Such information is useful in assessing the County's financing requirements. In particular, spendable fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2015, the County's governmental funds reported combined fund balances of \$90,156,731, an increase of \$4,216,015 in comparison with the prior year. Of these combined fund balances, \$87,095,367 constitutes spendable fund balance of the General, Special Revenue and Capital Projects Funds, of which \$710,070 is assigned and \$15,854,720 is committed for specific purposes. The remainder of fund balance is non-spendable to indicate that it is not available for new spending because it has been committed: 1) to fund inventory and prepaid expenses of \$147,965; 2) as a reserve for long-term receivables, \$2,913,394; with the remaining balance of permanent funds of \$30,013.

The General Fund is the chief operating fund of the County. At June 30, 2015, spendable fund balance was \$22,546,698 while total fund balance reached \$25,436,269. As a measure of the General Fund's liquidity, it may be useful to compare both spendable and total fund balance to total expenditures. Spendable fund balance represents 117% of total General Fund expenditures, while the total fund balance represents 132% of total General Fund expenditures.

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Management's Discussion and Analysis
For the Year Ended June 30, 2015

The County's Board of Supervisors may also earmark spendable fund balance to a particular function, project, or activity. Spendable fund balance may also be earmarked for purposes beyond the current year. However, spendable fund balance is available for appropriation at any time. Of the \$22,546,698 General Fund spendable fund balance, all is available for appropriation.

The County has six other major governmental funds. The Bi-County Mental Health fund has a total fund balance of \$73,262, the Welfare Fund has a total fund balance of \$75,624, the Public Safety/Trial Courts Fund has a total fund balance of \$107,964, the Mental Health Services Act has a total fund balance of \$10,054,401, the Public Safety Realignment fund has a total fund balance of \$6,199,348 and the Capital Projects fund has a total fund balance of \$2,641,258 at the end of the year. The other governmental funds' fund balances increased \$1,338,614 to \$45,568,600. The six major governmental funds had changes in fund balances as follows: Bi-County Mental Health \$(1,559,231), Welfare \$65,341, Public Safety/Trial Courts \$41,705, Mental Health Services Act \$3,370,897, Public Safety Realignment \$1,417,944, and Capital Projects \$(3,938,076).

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The Waterworks District No. 1 enterprise fund had net position of \$1,334,666, an increase of \$101,073 from prior year.

The net position of the internal services funds decreased from \$(353,642) to \$(873,106).

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Board of Supervisors revised the County's budget. 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 process by which the County Administrative Office analyzes each department's expenditures and revenues. Adjustments are recommended if necessary. A contingency appropriation is available for unforeseen circumstances by an action formally adopted by the Board at a regular or special meeting by a four-fifths vote (Govt. Code 29125 (a)(2)).

Differences between the Adopted Budget and the Final Budget for the General Fund are summarized in the table below:

General Fund

	Adopted Budget	Final Budget	Variance	
			Amount	Percent
Total revenues	\$ 42,397,685	\$ 43,844,356	\$ 1,446,671	3.41
Total expenditures	22,910,236	24,799,786	1,889,550	8.25
Other financing sources (uses)	<u>(23,962,638)</u>	<u>(23,632,508)</u>	<u>330,130</u>	<u>(1.38)</u>
Net change in fund balances	<u>\$ (4,475,189)</u>	<u>\$ (4,587,938)</u>	<u>\$ (112,749)</u>	-

COUNTY OF SUTTER

Management’s Discussion and Analysis
For the Year Ended June 30, 2015

Differences between the Final Budget and actual amounts for the General Fund are summarized in the table below:

	Final Budget	Actual	Variance	
			Amount	Percent
Total revenues	\$ 43,844,356	\$ 45,225,934	\$ 1,381,578	3.15
Total expenditures	24,799,786	19,254,425	5,545,361	22.36
Other financing sources (uses)	(23,632,508)	(22,492,692)	1,139,816	(4.82)
Net change in fund balances	<u>\$ (4,587,938)</u>	<u>\$ 3,478,817</u>	<u>\$ 8,066,755</u>	175.83

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The County’s investment in capital assets for its governmental and business-type activities as of June 30, 2015, was \$79,765,783 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, and bridges. Net additions and adjustments to capital assets were \$7,083,294 and net additions to accumulated depreciation were \$3,663,730, an increase of \$3,419,564 from June 30, 2014.

See Note 5 of the financial statements for additional information.

Debt Administration

At the end of the current fiscal year, the County had total long-term liabilities outstanding of \$132,872,257, an increase of \$109,237,349 from June 30, 2014. The increase is nearly entirely due to the county recognizing and recording the net unfunded pension liability this year of \$108,545,616.

See Note 7 and Note 10 of the financial statements for additional information.

FUTURE ECONOMIC OUTLOOK

Sutter County will continue to face challenges in balancing its budgets and maintaining service levels until such time as a sustained local economic recovery is witnessed and the County’s unfunded pension liabilities are addressed.

The County population as of July 1, 2015, was approximately 95,948¹, a 0.47% decrease from the population of 96,408 on July 1, 2014.

The annual unemployment rate for Sutter County in June 2015 was 10.9%².

Total Taxable Sales are expected to increase 2.1% between 2015 and 2020, an increase from \$1.61 billion to \$2.07 billion over the five year period.³

¹ Source: California Department of Finance

² Source: Employment Development Department

COUNTY OF SUTTER

Management's Discussion and Analysis For the Year Ended June 30, 2015

Total Assessed Property Valuation for Fiscal Year 2013-14 was \$7.79 billion. In FY 2014-15, that figure increased by approximately 4.0% to \$8.1 billion⁴.

The unemployment rate is not expected to dramatically recover in the near future, and it is expected that sales and property taxes will only realize modest increases, if any.

The County of Sutter, along with all other counties in California, continues to be dependent on the State of California for much of its fiscal support for State and federal programs.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the County of Sutter's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the:

Sutter County Auditor-Controller, 463 Second Street, Yuba City, California 95991.

³ Source for taxable sales 2014: California County-Level Economic Forecast, 2014-2040

⁴ Source: Sutter County Auditor-Controller's Office

**BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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COUNTY OF SUTTER

Statement of Net Position
June 30, 2015

	Primary Government		Totals
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and investments	\$ 88,406,671	\$ 142,996	\$ 88,549,667
Cash with fiscal agent	4,715,814	--	4,715,814
Accounts receivable	1,265,448	11,153	1,276,601
Due from other governments	24,365,888	111,431	24,477,319
less allowance for doubtful accounts	(3,530,792)	--	(3,530,792)
Taxes receivable	1,407,174	--	1,407,174
Interest receivable	271,495	662	272,157
Deposits with others	745,000	--	745,000
Prepaid expenses	249,145	--	249,145
Inventories	61,505	--	61,505
Loans receivable	2,998,673	--	2,998,673
less allowance for doubtful accounts	(1,383,513)	--	(1,383,513)
Internal balances	1,294,354	(1,294,354)	--
Capital assets:			
Nondepreciable	12,329,602	433,872	12,763,474
Depreciable, net	65,003,258	1,999,051	67,002,309
Total Assets	<u>198,199,722</u>	<u>1,404,811</u>	<u>199,604,533</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension	11,750,483	--	11,750,483
LIABILITIES			
Accounts payable	7,319,175	3,036	7,322,211
Salaries and benefits payable	3,754,890	--	3,754,890
Interest payable	113,765	--	113,765
Deposits from others	241,686	--	241,686
Unearned revenue	6,215,445	462	6,215,907
Long-Term Liabilities:			
Due within one year	6,745,751	8,494	6,754,245
Due in more than one year	10,204,594	58,153	10,262,747
Liability for post-employment benefits	7,309,649	--	7,309,649
Net pension liability	108,545,616	--	108,545,616
Total Liabilities	<u>150,450,571</u>	<u>70,145</u>	<u>150,520,716</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension	11,179,685	--	11,179,685
NET POSITION			
Net investment in capital assets	72,132,763	2,366,276	74,499,039
Restricted for:			
Taxes and fees	5,808,302	--	5,808,302
Public protection	16,228,739	--	16,228,739
Public ways and facilities	10,690,552	--	10,690,552
Health and social services	36,034,043	--	36,034,043
Community development	1,583,199	--	1,583,199
Other	1,729,864	--	1,729,864
Unrestricted	(95,887,513)	(1,031,610)	(96,919,123)
Total Net Position	<u>\$ 48,319,949</u>	<u>\$ 1,334,666</u>	<u>\$ 49,654,615</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF SUTTER

Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Program Revenues			
	Direct Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 11,551,921	\$ 1,626,682	\$ 6,403,620	\$ --
Public protection	42,751,973	5,986,034	44,667,622	--
Public ways and facilities	12,704,606	209,674	4,643,775	114,183
Health and sanitation	39,832,337	1,004,702	26,332,422	--
Public assistance	40,032,697	2,425	22,097,411	--
Education	1,596,059	55,922	395,371	--
Recreation and culture	708,523	100	--	--
Community development	30,329	--	--	--
Interest on long-term debt	346,519	--	--	--
Total Governmental Activities	<u>149,554,964</u>	<u>8,885,539</u>	<u>104,540,221</u>	<u>114,183</u>
Business-Type Activities:				
Waterworks District #1	378,784	219,078	245,759	--
Total Business-type Activities	<u>378,784</u>	<u>219,078</u>	<u>245,759</u>	<u>--</u>
 Total Primary Government	 <u>\$149,933,748</u>	 <u>\$ 9,104,617</u>	 <u>\$104,785,980</u>	 <u>\$ 114,183</u>

General Revenues:

Taxes:

Property taxes

Property taxes in lieu of sales taxes

Franchise taxes

Sales and use taxes

Transportation taxes

Transfer taxes

Other

Unrestricted interest and investment earnings

Tobacco settlement

Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning of Year, Restated

Net Position - End of Year

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and
Changes in Net Position

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (3,521,619)	\$ --	\$ (3,521,619)
7,901,683	--	7,901,683
(7,736,974)	--	(7,736,974)
(12,495,213)	--	(12,495,213)
(17,932,861)	--	(17,932,861)
(1,144,766)	--	(1,144,766)
(708,423)	--	(708,423)
(30,329)	--	(30,329)
(346,519)	--	(346,519)
<u>(36,015,021)</u>	<u>--</u>	<u>(36,015,021)</u>
--	86,053	86,053
--	86,053	86,053
<u>(36,015,021)</u>	<u>86,053</u>	<u>(35,928,968)</u>
27,174,628	--	27,174,628
910,235	--	910,235
1,544,781	--	1,544,781
2,852,642	--	2,852,642
1,516,207	--	1,516,207
360,156	--	360,156
297,661	--	297,661
968,109	2,464	970,573
825,841	--	825,841
1,041,757	12,556	1,054,313
<u>37,492,017</u>	<u>15,020</u>	<u>37,507,037</u>
1,476,996	101,073	1,578,069
<u>46,842,953</u>	<u>1,233,593</u>	<u>48,076,546</u>
<u>\$ 48,319,949</u>	<u>\$ 1,334,666</u>	<u>\$ 49,654,615</u>

The accompanying notes are an integral part of these financial statements.

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**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS**

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COUNTY OF SUTTER

Balance Sheet
Governmental Funds
June 30, 2015

	General	Bi-County Mental Health	Welfare	Public Safety/ Trial Courts	Mental Health Services Act
Assets					
Cash and investments	\$21,204,959	\$ 1,305,195	\$ 962,267	\$ 584,323	\$ 7,925,319
Cash with fiscal agent	--	1,000	--	--	--
Accounts receivable	173,188	756,756	--	205,866	81,714
Due from other governments	1,543,611	10,827,270	1,774,212	154,259	2,707,034
less allowance for doubtful accounts	--	(2,892,048)	--	--	(638,744)
Interest receivable	136,260	3,432	455	230	17,724
Taxes receivable	1,407,174	--	--	--	--
Due from other funds	3,808,205	2,775,618	2,683,012	2,312,253	195,274
Prepaid expenses	6,190	1,042	73,510	13,926	700
Inventory	--	--	--	--	--
Advances to other funds	2,574,745	--	--	--	2,172,976
Loans receivable	308,636	--	--	--	874,458
less allowance for doubtful accounts	--	--	--	--	--
Total Assets	<u>\$31,162,968</u>	<u>\$ 12,778,265</u>	<u>\$ 5,493,456</u>	<u>\$ 3,270,857</u>	<u>\$ 13,336,455</u>
Liabilities					
Accounts payable	\$ 484,894	\$ 2,011,720	\$ 178,804	\$ 663,873	\$ 362,050
Salaries and benefits payable	782,668	497,570	618,990	951,111	226,471
Deposits from others	11,271	--	--	4	--
Due to other funds	2,251,000	485,671	840,478	1,451,484	12,849
Advances from other funds	--	3,146,681	--	--	--
Unearned revenue	1,486,397	--	2,698,109	--	1,898,817
Total Liabilities	<u>5,016,230</u>	<u>6,141,642</u>	<u>4,336,381</u>	<u>3,066,472</u>	<u>2,500,187</u>
Deferred Inflows of Resources					
Unavailable revenue	710,469	6,563,361	1,081,451	96,421	781,867
Fund Balances					
Nonspendable	2,889,571	1,042	73,510	13,926	700
Restricted	2,452	72,220	2,114	94,038	10,053,701
Committed	13,213,462	--	--	--	--
Assigned	710,070	--	--	--	--
Unassigned	8,620,714	--	--	--	--
Total Fund Balances	<u>25,436,269</u>	<u>73,262</u>	<u>75,624</u>	<u>107,964</u>	<u>10,054,401</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$31,162,968</u>	<u>\$ 12,778,265</u>	<u>\$ 5,493,456</u>	<u>\$ 3,270,857</u>	<u>\$ 13,336,455</u>

The accompanying notes are an integral part of these financial statements.

Public Safety Realignment	Capital Projects	Other Governmental	Total	
\$ 5,617,726	\$ --	\$ 48,403,757	\$ 86,003,546	Assets
--	4,714,814	--	4,715,814	Cash and investments
--	--	45,027	1,262,551	Cash with fiscal agent
3,218,326	--	3,900,434	24,125,146	Accounts receivable
--	--	--	(3,530,792)	Due from other governments
16,387	--	94,382	268,870	less allowance for doubtful accounts
--	--	--	1,407,174	Interest receivable
1,019,864	1,415,114	1,775,346	15,984,686	Interest receivable
--	--	--	95,368	Due from other funds
--	--	52,597	52,597	Prepaid expenses
--	--	--	4,747,721	Inventory
114,612	--	1,700,967	2,998,673	Advances to other funds
--	--	(1,383,513)	(1,383,513)	Loans receivable
<u>\$ 9,986,915</u>	<u>\$ 6,129,928</u>	<u>\$ 54,588,997</u>	<u>\$136,747,841</u>	less allowance for doubtful accounts
				Total Assets
				Liabilities
\$ 35,401	\$ 3,018,528	\$ 424,503	\$ 7,179,773	Accounts payable
--	--	566,782	3,643,592	Salaries and benefits payable
187,924	--	42,487	241,686	Deposits from others
3,534,404	470,142	6,240,277	15,286,305	Due to other funds
--	--	828,425	3,975,106	Advances from other funds
--	--	132,122	6,215,445	Unearned revenue
<u>3,757,729</u>	<u>3,488,670</u>	<u>8,234,596</u>	<u>36,541,907</u>	Total Liabilities
				Deferred Inflows of Resources
29,838	--	785,801	10,049,208	Unavailable revenue
				Fund Balances
--	--	82,610	3,061,359	Nonspendable
6,199,348	--	45,601,618	62,025,491	Restricted
--	2,641,258	--	15,854,720	Committed
--	--	--	710,070	Assigned
--	--	(115,628)	8,505,086	Unassigned
<u>6,199,348</u>	<u>2,641,258</u>	<u>45,568,600</u>	<u>90,156,726</u>	Total Fund Balances
<u>\$ 9,986,915</u>	<u>\$ 6,129,928</u>	<u>\$ 54,588,997</u>	<u>\$136,747,841</u>	Total Liabilities, Deferred Inflows of Resources and Fund Balances

The accompanying notes are an integral part of these financial statements.

COUNTY OF SUTTER

Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position - Governmental Activities
June 30, 2015

Fund Balance - total governmental funds (pages 16-17)		\$ 90,156,726
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred pension outflows of resources in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		11,405,010
Deferred pension inflows of resources in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		(10,746,357)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheets.		76,973,345
Accrued revenue, which is not available soon enough to pay for the current period's expenditures, is recorded as unavailable revenue in the governmental funds.		10,049,208
Interest payable on long-term debt does not require the use of current financial resources and, therefore, is not accrued as a liability in the governmental funds.		(113,765)
Long-term liabilities, including capital leases, are not due and payable in the current period, and therefore are not reported in the governmental funds.		
Refinancing lease agreement	(896,002)	
Capital lease	(9,012,117)	
Compensated absences	(6,139,402)	
OPEB liability	(7,309,649)	
Net pension liability	<u>(105,173,942)</u>	(128,531,112)
Internal service funds are used by the County to charge the cost of its self-insurance risk management and management of fleet maintenance and information technology to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		<u>(873,106)</u>
Net position of governmental activities (page 11)		<u>\$ 48,319,949</u>

The accompanying notes are an integral part of these financial statements.

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COUNTY OF SUTTER

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	<u>General</u>	<u>Bi-County Mental Health</u>	<u>Welfare</u>	<u>Public Safety/ Trial Courts</u>	<u>Mental Health Services Act</u>
Revenues:					
Taxes	\$ 28,412,491	\$ --	\$ --	\$ 17,809	\$ --
Licenses and permits	2,347,222	--	--	19,763	--
Fines, forfeitures and penalties	94,726	--	--	871,226	--
Use of money and property	399,295	15,112	(11,686)	(3,408)	85,229
Intergovernmental	10,332,227	9,485,673	21,235,315	2,288,433	10,511,769
Charges for services	2,406,773	551,312	21	837,019	95,562
Other revenues	1,233,200	155,772	19,442	32,509	1,220
Total Revenues	<u>45,225,934</u>	<u>10,207,869</u>	<u>21,243,092</u>	<u>4,063,351</u>	<u>10,693,780</u>
Expenditures:					
Current:					
General government	10,121,005	--	--	--	--
Public protection	6,529,348	--	--	32,634,049	--
Public ways and facilities	123,843	--	--	--	--
Health and sanitation	--	24,246,386	--	--	6,224,797
Public assistance	57,933	--	38,131,333	--	--
Education	1,441,265	--	--	--	--
Recreation and culture	686,084	--	--	--	--
Community development	--	--	--	--	--
Debt Service:					
Principal	--	--	--	--	--
Interest	--	18,819	--	--	--
Capital outlay	294,947	48,538	142,164	419,063	24,180
Total Expenditures	<u>19,254,425</u>	<u>24,313,743</u>	<u>38,273,497</u>	<u>33,053,112</u>	<u>6,248,977</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>25,971,509</u>	<u>(14,105,874)</u>	<u>(17,030,405)</u>	<u>(28,989,761)</u>	<u>4,444,803</u>
Other Financing Sources (Uses):					
Transfers in	1,139,559	12,842,754	17,630,084	29,096,370	766,284
Transfers out	(23,632,251)	(296,111)	(534,338)	(64,904)	(1,840,190)
Total Other Financing Sources (Uses)	<u>(22,492,692)</u>	<u>12,546,643</u>	<u>17,095,746</u>	<u>29,031,466</u>	<u>(1,073,906)</u>
Net Changes in Fund Balances	3,478,817	(1,559,231)	65,341	41,705	3,370,897
Fund Balances, Beginning of Year	<u>21,957,452</u>	<u>1,632,493</u>	<u>10,283</u>	<u>66,259</u>	<u>6,683,504</u>
Fund Balances, End of Year	<u>\$ 25,436,269</u>	<u>\$ 73,262</u>	<u>\$ 75,624</u>	<u>\$ 107,964</u>	<u>\$ 10,054,401</u>

The accompanying notes are an integral part of these financial statements.

Public Safety Realignment	Capital Projects	Other Governmental	Total	
\$ --	\$ --	\$ 4,681,229	\$ 33,111,529	Revenues:
--	--	322,851	2,689,836	Taxes
--	--	400,280	1,366,232	Licenses and permits
57,233	1,502	409,493	952,770	Fines, forfeitures and penalties
26,849,886	--	23,823,273	104,526,576	Use of money and property
1,228,885	--	1,254,680	6,374,252	Intergovernmental
--	--	425,455	1,867,598	Charges for services
<u>28,136,004</u>	<u>1,502</u>	<u>31,317,261</u>	<u>150,888,793</u>	Other revenues
				Total Revenues
				Expenditures:
				Current:
--	--	--	10,121,005	General government
13,881	--	3,162,300	42,339,578	Public protection
--	--	9,108,259	9,232,102	Public ways and facilities
--	--	6,340,808	36,811,991	Health and sanitation
--	--	--	38,189,266	Public assistance
--	--	--	1,441,265	Education
--	--	--	686,084	Recreation and culture
--	--	30,329	30,329	Community development
				Debt Service
--	345,514	--	345,514	Principal
162	337,596	5,526	362,103	Interest
--	5,354,692	825,066	7,108,650	Capital outlay
<u>14,043</u>	<u>6,037,802</u>	<u>19,472,288</u>	<u>146,667,887</u>	Total Expenditures
				Excess (Deficiency) of Revenues Over (Under) Expenditures
<u>28,121,961</u>	<u>(6,036,300)</u>	<u>11,844,973</u>	<u>4,220,906</u>	
				Other Financing Sources (Uses):
--	2,098,224	13,880,082	77,453,357	Transfers in
(26,704,017)	--	(24,386,441)	(77,458,252)	Transfers out
<u>(26,704,017)</u>	<u>2,098,224</u>	<u>(10,506,359)</u>	<u>(4,895)</u>	Total Other Financing Sources (Uses)
1,417,944	(3,938,076)	1,338,614	4,216,011	Net Changes in Fund Balances
<u>4,781,404</u>	<u>6,579,334</u>	<u>44,229,986</u>	<u>85,940,715</u>	Fund Balances, Beginning of Year
<u>\$ 6,199,348</u>	<u>\$ 2,641,258</u>	<u>\$ 45,568,600</u>	<u>\$ 90,156,726</u>	Fund Balances, End of Year

The accompanying notes are an integral part of these financial statements.

COUNTY OF SUTTER

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2015

Net change to fund balance - total governmental funds (pages 20-21) \$ 4,216,011

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

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

Expenditures for general capital assets, infrastructure, and other related capital assets adjustments	\$ 7,996,606	
Less: current year depreciation	<u>(4,527,662)</u>	3,468,944

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		127,828
---	--	---------

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

Principal repayments:

Refinancing lease agreement	181,922	
Capital lease	<u>427,050</u>	608,972

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

Change in compensated absences		(410,499)
Change in OPEB liability		(699,653)
Change in net pension liability and deferred pension inflows/outflows		(5,315,143)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.

(519,464)

Change in net position of governmental activities (pages 12-13)		<u><u>\$ 1,476,996</u></u>
---	--	----------------------------

The accompanying notes are an integral part of these financial statements.

COUNTY OF SUTTER

Statement of Net Position
Proprietary Funds
June 30, 2015

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	Nonmajor <u>Enterprise Fund</u>	
	Waterworks <u>District No. 1</u>	Internal <u>Service Funds</u>
ASSETS		
Current Assets:		
Cash and investments	\$ 142,996	\$ 2,403,125
Accounts receivable	122,584	9,960
Interest receivable	662	2,625
Due from other funds	800	279,043
Deposits with others	--	745,000
Prepaid expenses	--	153,777
Inventory	--	8,908
Total Current Assets	<u>267,042</u>	<u>3,602,438</u>
Noncurrent Assets:		
Capital assets:		
Non-depreciable	433,872	--
Depreciable, net	1,999,051	359,515
Total Noncurrent Assets	<u>2,432,923</u>	<u>359,515</u>
Total Assets	<u>2,699,965</u>	<u>3,961,953</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension	<u>--</u>	<u>345,473</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	3,036	139,402
Salaries and benefits payable	--	111,298
Capital lease	--	2,382
Compensated absences	--	151,888
Claims payable	--	720,000
Due to other funds	522,539	222,006
Unearned revenue	462	--
Current portion of loan payable	8,494	--
Total Current Liabilities	<u>534,531</u>	<u>1,346,976</u>
Noncurrent Liabilities:		
Advances from other funds	772,615	--
Capital lease	--	5,410
Compensated absences	--	23,144
Loan payable	58,153	--
Net pension liability	--	3,371,674
Total Noncurrent Liabilities	<u>830,768</u>	<u>3,400,228</u>
Total Liabilities	<u>1,365,299</u>	<u>4,747,204</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred pension	<u>--</u>	<u>433,328</u>
NET POSITION		
Net investment in capital assets	2,366,276	351,723
Unrestricted	(1,031,610)	(1,224,829)
Total Net Position	<u>\$ 1,334,666</u>	<u>\$ (873,106)</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF SUTTER

Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Funds
 For the Year Ended June 30, 2015

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	Nonmajor Enterprise Fund	
	<u>Waterworks District No. 1</u>	<u>Internal Service Funds</u>
Operating Revenues:		
Charges for services	\$ 219,078	\$ 7,134,741
Other revenues	12,556	39,116
Total Operating Revenues	<u>231,634</u>	<u>7,173,857</u>
Operating Expenses:		
Salaries and benefits	--	2,813,734
Services and supplies	212,132	4,777,949
Depreciation	160,520	121,872
Total Operating Expenses	<u>372,652</u>	<u>7,713,555</u>
Operating Income (Loss)	<u>(141,018)</u>	<u>(539,698)</u>
Non-Operating Revenue (Expenses):		
Investment income	2,464	15,339
Grants	245,759	--
Interest expense	(6,132)	--
Total Non-Operating Revenue (Expenses)	<u>242,091</u>	<u>15,339</u>
Net Income (Loss) Before Transfers	101,073	(524,359)
Transfers in	--	5,305
Transfers out	<u>--</u>	<u>(410)</u>
Change in Net Position	101,073	(519,464)
Net Position - Beginning of Year, Restated	<u>1,233,593</u>	<u>(353,642)</u>
Net Position - End of Year	<u>\$ 1,334,666</u>	<u>\$ (873,106)</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF SUTTER

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	Nonmajor Enterprise Fund	
	<u>Waterworks District No. 1</u>	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from customers	\$ 220,218	\$ 6,436,007
Cash paid to suppliers for goods and services	(235,506)	(4,811,053)
Cash paid to employees for services	--	(2,480,693)
	<u> </u>	<u> </u>
Net Cash Provided (Used) by Operating Activities	<u>(15,288)</u>	<u>(855,739)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating grants	134,328	--
Advances from other funds	5,834	--
Interfund loans received	(800)	(116,733)
Interfund loans paid	695	132,383
Transfers in	--	5,305
Transfers out	--	(410)
	<u> </u>	<u> </u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>140,057</u>	<u>20,545</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal payments on capital leases	--	(2,374)
Payments related to the acquisition of capital assets	(183,208)	(49,803)
Payment of long-term debt	(8,242)	--
Interest payments	(6,132)	--
	<u> </u>	<u> </u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(197,582)</u>	<u>(52,177)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received (paid)	<u>2,651</u>	<u>16,188</u>
Net Cash Provided (Used) by Investing Activities	<u>2,651</u>	<u>16,188</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(70,162)</u>	<u>(871,183)</u>
Cash and Cash Equivalents, Beginning of Year	<u>213,158</u>	<u>3,274,308</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 142,996</u></u>	<u><u>\$ 2,403,125</u></u>

continued

The accompanying notes are an integral part of these financial statements.

COUNTY OF SUTTER

Statement of Cash Flows (continued)
 Proprietary Funds
 For the Year Ended June 30, 2015

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	Nonmajor Enterprise Fund	
	<u>Waterworks District No. 1</u>	<u>Internal Service Funds</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ (141,018)	\$ (539,698)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	160,520	121,872
Changes in assets, liabilities and deferred inflows/outflows:		
(Increase) decrease in:		
Accounts receivable	(11,139)	7,150
Deposits and prepaid expenses	--	(862,360)
Inventory	--	2,157
Increase (decrease) in:		
Accounts payable	(23,374)	(106,901)
Salaries and benefits payable	--	4,845
Compensated absences payable	--	12,169
Claims payable	--	189,000
Net pension liability	--	316,027
Unearned revenue	(277)	--
	<u>(277)</u>	<u>--</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (15,288)</u>	<u>\$ (855,739)</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF SUTTER

Statement of Fiduciary Net Position
June 30, 2015

	Private-Purpose Trust Funds	Investment Trust Fund	Agency Funds
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and investments	\$ 42,798	\$ 104,037,459	\$ 11,820,997
Accounts receivable	--	3,901	--
Due from other funds	--	1,102,395	1,443,074
Interest receivable	42	284,148	104,788
Taxes receivable	--	--	7,411,466
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>42,840</u>	<u>105,427,903</u>	<u>20,780,325</u>
Liabilities			
Accounts payable	--	471,214	--
Accrued salaries and benefits	--	40,782	--
Due to other funds	--	49,078	2,730,070
Unearned revenues	--	3,901	--
Agency funds held for others	--	--	18,050,255
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>--</u>	<u>564,975</u>	<u>20,780,325</u>
Net position			
Held in trust for pool participants	<u>42,840</u>	<u>104,862,928</u>	<u>--</u>
	<u> </u>	<u> </u>	<u> </u>
Total Net Position	<u>\$ 42,840</u>	<u>\$ 105,427,903</u>	<u>\$ 20,780,325</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF SUTTER

Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2015

	Private-Purpose Trust Funds	Investment Trust Funds
Additions		
Contributions to pooled investments	\$ 100	\$ 567,647,789
Interest and Investment income	151	1,289,945
Total Additions	251	568,937,734
Deductions		
Distributions from pooled investments	21,820	540,075,335
Total Deductions	21,820	540,075,335
Change in net position	(21,569)	28,862,399
Net Position - Beginning of Year	64,409	76,565,504
Net Position - End of Year	\$ 42,840	\$ 105,427,903

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The County operates under an Administrator-Board of Supervisors form of government and provides various services on a countywide basis including public safety, highway and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

The County defines its reporting entity in accordance with accounting principles generally accepted in the United States of America (GAAP), which provides guidance for determining which governmental activities, organizations and functions should be included in the reporting entity. The accompanying financial statements present information on the activities of the reporting entity, including all fund types of the County (the primary government) and its component units.

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 County's operations and, therefore, data from these units is combined with data of the primary government. Discretely presented component units, on the other hand, would be reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

For financial reporting purposes, the County's basic financial statements include all financial activities of the following special districts as blended component units because their Board of Directors is composed of the same members as the County's board. These component units have not issued separate financial statements.

Blended Component Units

The blended component unit's governing bodies are substantially the same as the governing body of the primary government. Component units that are blended into the reporting activity types of the County's report are presented below:

Special Assessment Districts – The assessment districts are separate legal entities formed to provide various services within the County.

Lighting Districts – The lighting districts are separate legal entities formed to provide lighting services within the County.

Landscape Districts – The landscape districts are separate legal entities formed to provide landscape services within the County.

Discretely Presented Component Units

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

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information on all the non-fiduciary activities of the County, and its blended component units. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the County. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each different identifiable activity of the County's business-type activities and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods and services offered by the program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The County reports the following major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as general government, public protection, public assistance, education, public ways and facilities, and culture and recreation services.
- The *Bi-County Mental Health Fund* is a special revenue fund used to account for revenues and expenditures for mental health activities.
- The *Welfare Fund* is a special revenue fund used to account for revenues and expenditures for social welfare programs.

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 1: **FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

B. **Basis of Presentation** (continued)

Fund Financial Statements (continued)

- The *Public Safety/Trial Courts Fund* is a special revenue fund used to account for revenues and expenditures for public safety programs.
- The *Mental Health Services Act Fund* is a special revenue fund used to account for revenues and expenditures for Proposition 63, the Mental Health Services Act.
- The *Public Safety Realignment Fund* is a special revenue fund used to account for the realignment of revenues and expenditures for public safety programs.
- The *Local Health and Welfare – Social Services Fund* is a special revenue fund used to account for revenues and expenditures for local health and welfare social services programs.

The County reports the following additional fund types:

- An *Enterprise Fund* accounts for *Water Works District No. 1* activities related to the provision of water services.
- *Internal Service Funds* account for the County's fleet maintenance, information technology, and self-insurance programs which provide services to other departments on a cost reimbursement basis.
- The *Private-Purpose Trust Funds* account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments such as escheat property.
- The *Investment Trust Funds* account for the assets of legally separate entities that deposit cash with the County Treasurer. The entities include school and community college districts, other special districts governed by local boards, regional boards and authorities, and pass-through funds for tax collections for cities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.
- *Agency Funds* account for assets held by the County as an agent for various local governments and for individuals.

C. **Basis of Accounting and Measurement Focus**

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

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. **Basis of Accounting and Measurement Focus** (continued)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise and internal service funds are charges to customers for sales and services.

Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary funds include investment trust and agency funds. All investment trust funds employ the same economic resources measurement focus and accrual basis of accounting as do proprietary funds. Agency funds, however, are unlike all other types of funds, reporting only assets and liabilities. So agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

D. **Cash and Cash Equivalents**

For purposes of the accompanying statement of cash flows, the enterprise and internal service funds consider all highly liquid investments with a maturity of three months or less when purchased, and their equity in the County Treasurer's Investment pool, to be cash equivalents.

E. **Investments**

The County sponsors an investment pool that is managed by the County Treasurer. The Treasurer invests on behalf of most funds of the County and external participants in accordance with the California State Government Code and the County's investment policy. State statutes authorize the County to invest its cash surplus in obligations of the U.S. Treasury, agencies and instrumentalities, corporate bonds, medium term notes, bankers' acceptance, certificates of deposit, commercial paper, repurchase agreements, and the State of California Local Agency Investment Fund.

Investment transactions are recorded on the trade date. Investments are recorded at cost. The fair value represents the amount the County could reasonably expect to receive for an investment in a current sale between a willing buyer and seller. Short term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Cash deposits are reported at carrying amount which reasonably estimates fair value. Managed funds not listed on an established market are reported at the estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities.

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2015

NOTE 1: **FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

E. **Investments** (continued)

Participant's equity in the investment pool is determined by the dollar amount of participant deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Amortized premiums and accreted discounts, accrued interest, and realized gains and losses, net of expenses, are apportioned to pool participants every quarter. This method differs from the fair value method used to value investments in these financial statements, as unrealized gains or losses are not apportioned to pool participants. During the fiscal year ended June 30, 2015, the County Treasurer has not entered into any legally binding guarantees to support the value of participant equity in the investment pool.

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

F. **Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include taxes, grants, and interest. Business-type activities report user fees and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accounts such as taxes, grants, interest, and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. User fee receivable and interest earnings compose the majority of proprietary fund receivables. Allowance for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

G. **Interfund Transactions**

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

- Loans reported as receivables and payables are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans) as appropriate and are subject to elimination upon consolidation. Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 1: **FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

G. Interfund Transactions

- Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. These services provide information on the net cost of each government function and, therefore, are not eliminated in the process of preparing the government-wide Statement of Activities.
- Reimbursements occur when the funds responsible for particular expenditures or expenses repay the funds that initially paid for them. Such reimbursements are treated as an adjustment to expenditures or expenses; that is, a corresponding increase in expenditures or expenses in the reimbursing fund and a corresponding decrease in expenditures or expenses in the reimbursed fund.
- All other interfund transactions are treated as transfers. Transfers between funds are netted as part of the reconciliation to the government-wide presentation.

H. Inventory and Prepaid Costs

Inventories are stated at cost (first-in, first-out basis) for governmental funds and proprietary funds. Inventory recorded by governmental funds includes expendable supplies held for consumption. Governmental fund inventories are recorded as expenditures at the time the inventory is consumed. Reported inventories of governmental funds are equally offset by a fund balance reservation to indicate that portion of fund balance not available for future appropriation.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid costs.

I. Loans Receivable

Loans receivable are comprised of mortgage subsidies and long-term loans to other agencies.

J. Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets (roads, bridges, sidewalks, water, sewer, and similar items). Capital assets are defined by the County as equipment with a cost of \$5,000 or more, structures and improvements with a cost of \$150,000 and all land regardless of cost. Equipment reported in the financial statements is reported at actual historical cost. Structures and improvements and land have been stated at actual cost when available or estimated historical cost. Estimated historical cost was arrived at by a variety of methods including the use of factors and comparative sales. Infrastructure assets, including bridges and roads, have been stated at estimated historical cost.

Estimated historical cost for bridges was arrived at by developing a listing of all bridges constructed after 1980 and multiplying total square footage by the average cost per square foot and the price level factor from the Price Trends for Federal-Aid Highway Construction. Estimated historical cost for roads was arrived at by multiplying the number of land-miles constructed since 1980 for asphalt and asphalt with curb and gutter by the average cost per lane-mile and the price level factor from the Price Trends for Federal-Aid Highway Construction. The County has determined the cost of gravel and dirt roads to be minimal and has elected not to capitalize these road types. Contributed capital assets are recorded at estimated fair market value at the date of donation.

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Capital Assets (continued)

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, property, plant, equipment and infrastructure are accounted for as capital assets.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Equipment	5-25 years
Structures and improvements	5-50 years
Infrastructure	30-50 years

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

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

K. Unearned Revenue

Under both the accrual and modified accrual basis of accounting, revenues are recognized only when earned. Thus, the government-wide statement of net position, governmental funds, and enterprise funds defer revenue recognition for resources that have been received at year-end, but not yet earned. Assets recognized before the earning process is complete are offset by a corresponding liability as unearned revenues.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has deferred outflows of resources related to pensions.

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 1: **FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

L. **Deferred Outflows/Inflows of Resources** (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has deferred inflows of resources related to unavailable revenues reported under the modified accrual basis of accounting in the governmental funds balance sheet and related to pensions in its government-wide statements. The governmental funds report unavailable revenues for receivables that have not been received within the modified accrual period. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

M. **Long-Term Debt**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of loans payable, accrued compensated absences, certificates of participation, and capital leases payable.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

N. **Compensated Absences**

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

O. **Fund Balances/Net Position**

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as follows:

- Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2015

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Fund Balances/Net Position (continued)

- Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations or other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position – All other net position that do not meet the definition of “restricted” or “investment in capital assets.”

When both restricted and unrestricted net position is available, unrestricted resources are depleted first before the restricted resources are used.

In the fund financial statements governmental fund balance is reported in classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

- Nonspendable – This component includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – This component includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of the resource providers.
- Committed – This component includes amounts that can only be used for the specific purposes determined by a formal action of the County’s Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action that imposed the constraint originally.
- Assigned – This component comprises amounts intended to be used for specific purposes that are neither restricted nor committed. Intent is expressed by (1) the County’s Board of Supervisors or (b) a body (for example: a budget or finance committee) or official to which the County’s Board of Supervisors has delegated the authority to assign amounts to be used for specific purposes.
- Unassigned – This classification represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund.

When both restricted and unrestricted resources are available for use, it is the County’s policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the County’s policy to use committed resources first, then assigned, and then unassigned as they are needed.

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Property Tax Levy, Collection and Maximum Rates

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

The County of Sutter assesses properties and bills for and collects property taxes as follows:

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

The term "unsecured" refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the personal property being taxes. Property tax revenues are recognized in the fiscal year for which they are levied, provided they are due and collected within sixty days after fiscal year-end.

The County apportions secured property tax revenue in accordance with the alternate methods of distribution, the "Teeter Plan," as prescribed in Section 4717 of the California Revenue and Taxation code. Under this method of apportionment, penalties and interest collected on delinquent secured taxes are required to be held in trust in the Tax Loss Reserve Fund (TLRF). The primary purpose of TLRF is to cover losses that may occur as a result of special sales of tax-defaulted property.

The County has elected to follow the procedures authorized by Revenue and Taxation Code 4703.2 which requires that the tax losses reserve fund shall be maintained at not less than 25 percent of the local delinquent secured taxes and assessments for participating entities in the County as calculated at the end of the fiscal year. The net balance in the TLRF was \$1,788,880 at June 30, 2015. The County's management believes that any ownership rights to the TLRF the County may have are effective only upon a Board approved transfer or to the extent of losses related to the sale of tax defaulted property. Amounts in the TLRF are considered to be held in a custodial capacity for the participants in the County's Teeter Plan and accounted for in an agency fund.

Q. Grant Revenues

Certain grant revenues are recognized when specific related expenditures have been incurred. In other grant programs, monies are virtually unrestricted as to purpose of expenditures and are only revocable for failure to comply with prescribed compliance requirements. These revenues are recognized at the time of receipt, or earlier if susceptible to accrual criteria is met. Cash received prior to incurrence of the related expenditure is recorded as unearned revenue.

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, governmental fund report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources. Expenditure/expenses are classified as follows:

Government Funds – By Character
 Current (further classified by function)
 Debt Service
 Capital Outlay

Proprietary Fund – By Operating and Nonoperating

S. Estimates

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

T. New Accounting Pronouncements

GASB recently released several new accounting and financial reporting standards. The following new standards have been implemented in the current year.

GASB Statement No. 68 and No. 71, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, an amendment to No. 68, are effective for periods beginning after June 15, 2014. The principal objective of these statements are to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports of governments whose employees – both active employees and inactive employees – are provided with pensions. An additional objective is to improve the information provided in government financial reports about pension-related financial support provided by certain non-employer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, is effective for periods beginning after December 15, 2013.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, is effective for periods beginning after December 15, 2013.

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2015

NOTE 1: **FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

U. **Future Accounting Pronouncements**

GASB recently released several new accounting and financial reporting standards. The following GASB Statements will be implemented in the future financial statements.

GASB Statement No. 72, *Fair Value Measurement and Application*, is effective for reporting periods beginning after June 15, 2015.

GASB Statement No. 73, *Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*, is effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, is effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans*, is effective for reporting periods beginning after June 15, 2017.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, is effective for reporting periods beginning after June 15, 2015.

V. **Pensions**

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

NOTE 2: **STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Gann Spending Limitation

Under Article XIIB of the California Constitution (the Gann Spending Limitation), the County is restricted as to the amount of annual appropriations from proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules or other refund arrangements. The allowed appropriations for the Gann Limit for the fiscal year ended June 30, 2015 were \$180,953,167. The proceeds of tax for the year ended June 30, 2015 were \$34,774,894. Therefore, the proceeds of tax were \$146,178,273 less than, or 19.2% of, the appropriations limit.

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 3: 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. The investment pool is not registered with the Securities and Exchange Commission as an investment company. Investments made by the Treasurer are regulated by California Government Code Section 53635 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 in the investment pool in accordance with Article 6 Section 27131 of California Government Code. The oversight committee and the Board of Supervisors reviews and approves the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the oversight committee and the investment pool participants every month. The report covers the type of investment in the pool, maturity dates, par value, actual cost and fair value.

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

At June 30, 2015, total County cash and investments were as follows:

<i>Cash:</i>	
Cash on hand	\$ 96,082
Deposits	12,993,417
Outstanding warrants	(7,506,726)
Total cash	<u>5,582,773</u>
<i>Investments:</i>	
Investment pool	196,460,314
External to investment pool	7,123,648
Total investments	<u>203,583,962</u>
Total cash and investments	<u>\$ 209,166,735</u>

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

Primary government	\$ 93,265,481
Investment trust fund	104,037,459
Private purpose trust funds	11,820,997
Agency fund	42,798
Total	<u>\$ 209,166,735</u>

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 3: CASH AND INVESTMENTS (continued)

Investments

The table below identifies the investment types that are authorized for the County by California Government Code Section 53635 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, credit risk, and concentration risk. The County annually adopts a "Statement of Investment Policy." The policy is based on criteria established by government code and adds further restrictions as to the types of investments allowed, concentration limits and maximum terms.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment of One Issuer</u>
Federal Agency Obligations	5 years	None	None
U.S. Treasury Bills	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days, but dollar weighted average may not exceed 31 days	30%	15%
Negotiable Certificates of Deposit	5 years	30%	None
Non-Negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	1 year	None	None
Medium-Term Corporate Notes	5 years	30%	None
Money Market Mutual Funds	N/A	20%	10%
Local Agency Investment Fund	N/A	None	\$50M
California Asset Management Program	N/A	None	None

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

	<u>Interest Rates</u>	<u>Maturities</u>	<u>Par</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Weighted Average Maturity (Years)</u>
Primary Investment Pool						
Federal Agency Issues - Coupon	.700% - 2.000 %	9/18/17 - 6/30/20	\$ 132,000,000	\$ 131,819,692	\$ 131,952,729	3.77
Medium Term Corporate Notes	.617% - 3.676%	11/09/15 - 1/30/20	35,750,000	37,934,680	37,865,838	2.81
LAIF	Variable	On Demand	26,657,144	26,657,144	26,657,144	--
California Asset Management Pool (CAMP)	Variable	On Demand	48,798	48,798	48,798	--
Total			<u>\$ 194,455,942</u>	<u>\$ 196,460,314</u>	<u>\$ 196,524,509</u>	3.07
Investments Outside Investment Pool						
LAIF - Sutter Cemetery	Variable	On Demand	2,408,834	2,408,834	2,408,834	--
Money market - PNC escrow account	Variable	On Demand	4,714,814	4,714,814	4,714,814	--
			<u>\$ 7,123,648</u>	<u>\$ 7,123,648</u>	<u>\$ 7,123,648</u>	--

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 3: CASH AND INVESTMENTS (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to change in market interest rates. The County manages its exposure to declines in fair values by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities to provide the necessary cash flow and liquidity needed for operations. The County monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law limits investments in commercial paper to the rating of A1 by Standards & Poor's or P-1 by Moody's Investors Service. State law 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 governmental agency securities.

Concentration of Credit Risk

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

	Standard & Poor's Rating	Moody's	% of Portfolio
	<u> </u>	<u> </u>	<u> </u>
Federal agency obligations	Aaa	AA+	66.29%
Medium term notes	Aaa	AA+	1.49%
Medium term notes	A1	AA+	3.55%
Medium term notes	A1	A+	2.03%
Medium term notes	A2	A+	4.56%
Medium term notes	A2	A	1.01%
Medium term notes	A3	A	5.93%
Medium term notes	A3e	A	0.50%
LAIF	Unrated	Unrated	14.61%
CAMP	AAAm	Unrated	0.03%
			<u>100.00%</u>

At June 30, 2015, the County has the following investments in any one issuer that represent 5 percent or more of the total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded because they are not a concentration of credit risk.

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 3: **CASH AND INVESTMENTS** (continued)

	<u>Amount</u>	<u>% of Portfolio</u>
Federal Home Loan Bank	\$49,967,710	25.12%
Federal National Mortgage Association	29,004,140	14.58%
Federal Home Loan Mortgage Corp.	41,912,200	21.07%
JP Morgan	12,786,630	6.43%
Federal Farm Credit Bank	10,967,740	5.51%
Wells Fargo Bank	11,026,090	5.54%

Custodial Credit Risk

For investments, 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 had no securities exposed to custodial credit risk.

Local Agency Investment Fund

The County's investment pool maintains an investment in the State of California Local Agency Investment Fund (LAIF). LAIF is part of the Pooled Money Investment Account (PMIA), an investment pool consisting of funds held by the state in addition to those deposited with LAIF. All PMIA funds are managed by the Investment Division of the State Treasurer's Office. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California Government Code. Participants in the pool include voluntary and involuntary participants, such as special districts and school districts for which there are legal provisions regarding their investments. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute.

At June 30, 2015, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$26.66 million for the primary investment pool and \$2.41 million for investments outside the pool, which approximates fair value and is the same as the value of the pool shares which is determined on an amortized cost basis. The total amount invested by all public agencies in PMIA on that day was \$69.6 billion. Of that amount, 0.97% was invested in structured notes and asset-backed securities with the remaining 1.11% invested in other non-derivative financial products.

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 3: **CASH AND INVESTMENTS** (continued)

County Investment Pool Condensed Financial Information

The following represents a condensed statement of net position and changes in net position for the County's primary investment pool and bond investment pool as of June 30, 2015:

Statement of Net Position

Net position held for pool participants	<u>\$ 201,463,927</u>
Equity of internal pool participants	99,835,302
Equity of external pool participants	<u>101,628,625</u>
 Total net position	 <u>\$ 201,463,927</u>

Statement of Changes in Net Position

Net position at July 1, 2014	\$ 172,476,011
Net changes in investments by pool participants	<u>28,987,916</u>
 Net position at June 30, 2015	 <u>\$ 201,463,927</u>

NOTE 4: **LOANS RECEIVABLE**

Loans receivable at June 30, 2015 consisted of the following:

	<u>General Fund</u>	<u>Mental Health Services Act</u>	<u>Public Safety Realignment Fund</u>	<u>Other Governmental Funds</u>
Loan to City of Live Oak	\$ 37,268	\$ --	\$ --	\$ --
Loan to City of Yuba City	271,368	--	--	--
Loan to Sutter-Yuba Housing Authority	--	874,458	--	--
Economic Development loans	--	--	114,612	1,700,967
Total loans receivable	<u>308,636</u>	<u>874,458</u>	<u>114,612</u>	<u>1,700,967</u>
Less allowance for doubtful accounts	--	--	--	(1,383,513)
Loans receivables, net	<u>\$ 308,636</u>	<u>\$ 874,458</u>	<u>\$ 114,612</u>	<u>\$ 317,454</u>

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 5: CAPITAL ASSETS

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

	Restated Balance July 1, 2014	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2015
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 3,021,748	\$ 84,000	\$ (74,670)	\$ --	\$ 3,031,078
Construction in progress	3,050,281	6,512,773	--	(264,530)	9,298,524
Total Capital Assets, Not Being Depreciated	6,072,029	6,596,773	(74,670)	(264,530)	12,329,602
Capital Assets, Being Depreciated:					
Structures and improvements	39,301,526	--	(350,915)	150,394	39,101,005
Equipment	22,675,168	1,509,847	(741,512)	74,699	23,518,202
Infrastructure	101,691,710	--	--	--	101,691,710
Total Capital Assets, Being Depreciated	163,668,404	1,509,847	(1,092,427)	225,093	164,310,917
Less Accumulated Depreciation for:					
Structures and improvements	(18,781,869)	(737,521)	350,915	476,329	(18,692,146)
Equipment	(20,490,639)	(1,115,113)	736,036	1,685,822	(19,183,894)
Infrastructure	(56,531,941)	(2,796,900)	--	(2,102,778)	(61,431,619)
Total Accumulated Depreciation	(95,804,449)	(4,649,534)	1,086,951	59,373	(99,307,659)
Total Capital Assets, Being Depreciated, Net	67,863,955	(3,139,687)	(5,476)	284,466	65,003,258
Governmental Activities, Capital Assets, Net	\$ 73,935,984	\$ 3,457,086	\$ (80,146)	\$ 19,936	\$ 77,332,860
	Restated Balance July 1, 2014	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2015
Business-Type Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 58,000	\$ --	\$ --	\$ --	\$ 58,000
Construction in progress	192,664	182,368	--	840	375,872
Total Capital Assets, Not Being Depreciated	250,664	182,368	--	840	433,872
Capital Assets, Being Depreciated:					
Structures and improvements	3,382,878	--	--	--	3,382,878
Equipment	17,826	--	--	--	17,826
Total Capital Assets, Being Depreciated	3,400,704	--	--	--	3,400,704
Less Accumulated Depreciation for:					
Structures and improvements	(1,223,307)	(160,520)	--	--	(1,383,827)
Equipment	(17,826)	--	--	--	(17,826)
Total Accumulated Depreciation	(1,241,133)	(160,520)	--	--	(1,401,653)
Total Capital Assets, Being Depreciated, Net	2,159,571	(160,520)	--	--	1,999,051
Business-Type Activities, Capital Assets, Net	\$ 2,410,235	\$ 21,848	\$ --	\$ 840	\$ 2,432,923

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 5: CAPITAL ASSETS (CONTINUED)

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 745,372
Public protection	368,683
Public ways and facilities	3,220,821
Health and sanitation	80,826
Public assistance	109,424
Education	2,536
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>121,872</u>
 Total	 <u><u>\$ 4,649,534</u></u>

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

Waterworks	<u><u>\$ 160,520</u></u>
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Construction in Progress

Construction in progress related primarily to work performed on the various construction projects within the County including bridge projects, solar panel projects, county jail expansion projects, and the Waterworks District No. 1 Arsenic Remediation Feasibility Project.

NOTE 6: LEASE COMMITMENTS

Capital Leases

On February 27, 2014, the County entered into a capital lease agreement to finance the construction of solar panels. The equipment will become the property of the County when all terms of the lease agreement are met. The equipment is currently under construction. The terms of the agreement are as follows:

	<u>Stated Interest Rate</u>	<u>Present Value of Remaining Payments as of June 30, 2015</u>
Governmental Activities:		
Solar panels	3.71%	\$ 8,763,932

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 6: LEASE COMMITMENTS (CONTINUED)

On October 1, 2013, the County entered into capital lease agreements for copiers under which the related equipment will become the property of the County when all terms of the lease agreement are met. The original amount of the lease agreement was \$394,159. The cost of equipment under the capital lease and the related depreciation at June 30, 2015 are as follows:

	Governmental Activities
Equipment:	
Cost	\$ 371,102
Accumulated amortization	(123,701)
Net	\$ 247,401

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

<u>Year Ending June 30:</u>	Governmental Activities
2016	\$ 716,968
2017	743,072
2018	770,361
2019	733,569
2020	772,465
2021-2025	4,295,673
2026-2029	3,889,836
Total future minimum lease payments	11,921,944
Less: Interest	(2,902,035)
Present value of minimum lease payments	\$ 9,019,909

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 7: LONG-TERM LIABILITIES

Long-term debt at June 30, 2015 consisted of the following:

	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2015</u>
Governmental Activities						
Refinancing Lease Agreement - Health Building	2009	2020	4.50%	\$115,000	\$ 1,730,000	\$ 896,002
State of California Department of Transportation Loan	1998	2016	5.05%	\$9,086 - \$14,135	190,000	--
Capital Leases						
Copiers	2013	2018	3.99%	\$5,762 - \$7,235	394,159	255,977
Solar panels - PNC	2014	2029	3.71%	\$345,514 - \$1,002,676	9,109,446	8,763,932
Total Governmental Activities					<u>\$ 11,423,605</u>	<u>\$ 9,915,911</u>
Business-Type Activities						
State of California Department of Water Resources Safe Drinking Water Loan	1988	2019	4.14%	\$916 - \$1,766	\$ 30,000	\$ 6,007
State Water Resources Control Board Loan	1998	2022	2.80%	\$5,506 - \$8,333	151,000	60,640
Total Business-Type Activities					<u>\$ 181,000</u>	<u>\$ 66,647</u>

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

	<u>Balance July 1, 2014</u>	<u>Additions/ Adjustments</u>	<u>Retirements</u>	<u>Balance June 30, 2015</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Loans	\$ 25,193	\$ --	\$ 25,193	\$ --	\$ --
Refinancing lease agreement	1,052,731	--	156,729	896,002	163,782
Capital leases	9,449,333	--	429,424	9,019,909	382,459
Compensated absences	5,891,766	5,637,702	5,215,034	6,314,434	5,479,510
Liability for self-insurance	531,000	230,387	41,387	720,000	720,000
Total Governmental Activities - Long-Term Liabilities	<u>\$ 16,950,023</u>	<u>\$ 5,868,089</u>	<u>\$ 5,867,767</u>	<u>\$ 16,950,345</u>	<u>\$ 6,745,751</u>
Business-Type Activities					
Loans payable	\$ 74,889	\$ --	\$ 8,242	\$ 66,647	\$ 8,494
Total Business-Type Activities - Long-Term Liabilities	<u>\$ 74,889</u>	<u>\$ --</u>	<u>\$ 8,242</u>	<u>\$ 66,647</u>	<u>\$ 8,494</u>

Compensated absences typically have been liquidated by the General and Special Revenue Funds. Claims payable typically have been liquidated by the Internal Service Funds.

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

As of June 30, 2015, annual debt service requirements of governmental activities to maturity are as follows:

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>	
	<u>Certificates of Participation</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 163,782	\$ 40,320
2017	171,152	32,950
2018	178,854	25,248
2019	186,902	17,200
2020	<u>195,312</u>	<u>8,789</u>
Total	<u>\$ 896,002</u>	<u>\$ 124,507</u>

Annual debt service requirements to maturity are as follows:

<u>Year Ended June 30,</u>	<u>Business Activities</u>	
	<u>Loans Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 8,494	\$ 1,931
2017	8,756	1,669
2018	9,024	1,401
2019	8,382	1,123
2020	7,671	895
2021-2023	<u>24,320</u>	<u>1,375</u>
Total	<u>\$ 66,647</u>	<u>\$ 8,394</u>

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 8: INTERFUND TRANSACTIONS

Due To/From Other Funds

Operating receivables and payables between funds are classified as due from or due to other funds. These interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, and (2) payments between funds are made. The following are due to and due from balances as of June 30, 2015:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
General Fund	Bi-County Mental Health	7,848
	Public Safety/Trial Courts	972,658
	Nonmajor Governmental Funds	2,216,430
	Nonmajor Enterprise Fund	522,539
	Internal Service Funds	55,011
	Fiduciary Funds	33,720
		<u>3,808,205</u>
Welfare	General Fund	13,154
	Public Safety Realignment	301,281
	Nonmajor Governmental Funds	2,342,729
	Internal Service Funds	25,848
	<u>2,683,012</u>	
Bi-County Mental Health	General fund	991,433
	Mental Health Service Act	2,731
	Public Safety Realignment	1,253,575
	Nonmajor Governmental Funds	37,788
	Internal Service Funds	19,949
	Capital Projects	470,142
	<u>2,775,618</u>	
Public Safety/Trial Courts	General Fund	308
	Welfare	57,280
	Bi-County Mental Health	2,213
	Public Safety Realignment	115,080
	Nonmajor Governmental Funds	1,973,782
	Internal Service Funds	78,975
	Fiduciary Funds	84,615
	<u>2,312,253</u>	

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 8: **INTERFUND TRANSACTIONS** (continued)

Due To/From Other Funds (continued)

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
Mental Health Service Act	Bi-County Mental Health	156,988
	Public Safety Realignment	34,806
	Internal Service Funds	3,480
		<u>195,274</u>
Public Safety Realignment	Nonmajor Governmental Funds	1,019,864
Nonmajor Governmental Funds	General Fund	22,450
	Welfare	744,701
	Bi-County Mental Health	4,134
	Public Safety/Trial Courts	401,048
	Public Safety Realignment	218,817
	Nonmajor Governmental Funds	206,020
	Internal Service Funds	35,887
	Fiduciary Funds	142,289
		<u>1,775,346</u>
Nonmajor Enterprise Fund	General Fund	800
Internal Service Funds	General Fund	77,395
	Welfare	33,979
	Bi-county Mental Health	23,286
	Public Safety/Trial Courts	76,741
	Mental Health Services Act	10,118
	Nonmajor Governmental Funds	52,119
	Internal Service Funds	2,485
	Fiduciary Funds	2,920
		<u>279,043</u>
Capital Projects	General Fund	1,123,912
	Bi-County Mental Health	291,202
		<u>1,415,114</u>
Fiduciary Funds	General Fund	21,548
	Nonmajor Governmental Funds	2,392
	Internal Service Funds	369
	Fiduciary Funds	2,521,160
		<u>2,545,469</u>
	Total	<u>\$ 18,809,998</u>

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 8: **INTERFUND TRANSACTIONS** (continued)

Advances To/From Other Funds

Advances to/from other funds are non-current interfund loans to address cash flow needs and are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriations and are not expendable available financial resources. The following are advances to/from other funds as of June 30, 2015:

<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>	<u>Amount</u>
General Fund	Bi-County Mental Health	\$ 973,705
	Nonmajor Enterprise Fund	772,615
	Nonmajor Governmental Funds	<u>828,425</u>
		2,574,745
Mental Health Services Act	Bi-County Mental Health	<u>2,172,976</u>
		<u>\$ 4,747,721</u>

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various County operations and re-allocations of special revenues. The following are the interfund transfers for fiscal year ended June 30, 2015 which were all transfers of the Motor Vehicle In-Lieu Tax:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>
General Fund	Capital Projects	\$ 1,123,912
	Nonmajor Governmental	6,340,568
	Public Safety/Trial Courts	15,712,995
	Welfare	<u>454,775</u>
		23,632,250
Bi-County Mental Health	General Fund	1,764
	Capital Projects	291,202
	Public Safety/Trial Court	<u>3,145</u>
		296,111
Welfare	General Fund	1,813
	Public Safety	925
	Nonmajor Governmental	<u>531,600</u>
		534,338

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 8: **INTERFUND TRANSACTIONS** (continued)

Transfers (continued)

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>
Public Safety/Trial Court	General Fund	\$ 50
	Nonmajor Governmental	59,549
	Internal Service	5,305
		<u>64,904</u>
Public Safety Realignment	Bi-County Mental Health	10,843,590
	Welfare	8,596,480
	Public Safety/Trial Court	4,011,416
	Mental Health Services Act	597,719
	Nonmajor Governmental	<u>2,654,812</u>
	26,704,017	
Mental Health Services Act	General Fund	427
	Bi-County Mental Health	1,839,563
	Public Safety/Trial Court	<u>200</u>
	1,840,190	
Nonmajor Governmental	General Fund	1,135,407
	Bi-County Mental Health	768,253
	Welfare	8,585,657
	Public Safety/Trial Court	9,435,376
	Nonmajor	<u>4,461,748</u>
	24,386,441	
Internal Service Funds	Capital Projects	<u>410</u>
	Total	<u><u>\$ 77,458,662</u></u>

NOTE 9: **EMPLOYEES' RETIREMENT PLAN AND POST EMPLOYMENT BENEFITS**

A. General Information about the Pension Plans

Plan Description

All qualified permanent and probationary employees are eligible to participate in the County's Safety or Miscellaneous Plans. The County's Safety Plan and the Miscellaneous Plan are both agent multiple-employer defined benefit pension plans. The County's Safety and Miscellaneous Plans are part of the California Public Employees Retirement System (PERS), a public employee retirement system which acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and other requirements are established by State statute and County resolution. The County's defined benefit pension plans provide retirement and disability benefits, annual

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 9: **EMPLOYEES' RETIREMENT PLAN AND POST EMPLOYMENT BENEFITS** (CONTINUED)

Plan Description (continued)

cost-of-living adjustments and death benefits to plan members and their beneficiaries. The County selects optional benefit provisions by contract with CalPERS and adopts those benefits through County ordinance. CalPERS issues a separate comprehensive annual financial report; however, separate reports for the County's Safety and Miscellaneous Plans are not available. Copies of CalPERS annual financial reports which include required supplementary information (RSI) for each plan may be obtained from CalPERS Executive Offices, Lincoln Plaza North, 400 Q Street, Sacramento, CA 95811.

Benefits Provided

All pension plans provide benefits, upon retirement, disability or death of members. Retirement benefits are based on years of service, final average compensation, and retirement age. Employees terminating before accruing five years of retirement service credit forfeit the right to receive retirement benefits unless they establish reciprocity with another public agency within a prescribed time period. Non-vested employees who terminate service are entitled to withdraw their accumulated contributions plus accrued interest. Employees who terminate service after earning five years of retirement service credit may leave their contributions on deposit and elect to take a deferred retirement. Differences between expected and actual experience for vested and non-vested benefits may result in an increase or decrease to pension expense and net pension liability.

Service related disability benefits are provided to safety members and are based on final compensation. Non-service related disability benefits are provided to both safety and miscellaneous members. The benefit is based on final compensation, multiplied by *service*, which is determined as follows:

- *service* is CalPERS credited service, for members with less than 10 years of service or greater than 18.518 years of service; or
- *service* is CalPERS credited service plus the additional number of years that the member would have worked until age 60, for members with at least 10 years but not more than 18.518 years of service.

Death benefits are based upon a variety of factors including whether the participant was retired or not.

Annual cost-of-living adjustments (COLAs) after retirement are provided in all plans. COLAs are granted to retired members each May based upon the Bureau of Labor Statistics Average Consumer Price Index for All Urban Consumers for the previous calendar year and is subject to a maximum of 2% per annum.

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 9: EMPLOYEES' RETIREMENT PLAN AND POST EMPLOYMENT BENEFITS (CONTINUED)

Benefits Provided (continued)

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

	Miscellaneous		
	Prior to Nov. 16, 2011	On or after Nov. 16, 2011	On or after Jan. 1, 2013
Hire Date			
Benefit formula	2.7%@55	2%@60	2%@62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-63	52-67
Monthly benefits, as % of eligible compensation	2.00%-2.50%	1.09%-2.42%	1.0% to 2.5%
Required employee contribution rates	8%	7%	6.25%
Required employer contribution rates	20.79%	20.79%	20.79%
Status	Closed	Closed	Open
	Safety		
	Prior to Nov. 16,2011	On or after Nov. 16, 2011	On or after Jan. 1, 2013
Hire Date			
Benefit formula	3@50	3@50	2.7%@57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50	52-67
Monthly benefits, as % of eligible compensation	3.00%	3.00%	1.0% to 2.5%
Required employee contribution rates	9.00%	9.00%	10.00%
Required employer contribution rates	30.12%	30.12%	30.12%
Status	Closed	Closed	Open

Employees Covered

At June 30, 2014, the following employees were covered by the benefit terms for the Miscellaneous Plan and Safety Plan.

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	914	161
Inactive employees entitled to but not yet receiving benefits	745	91
Active employees	778	169
Total	2,437	421

Contributions

Section 20814c of the California Public Employees' Retirement Law requires 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.

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 9: EMPLOYEES' RETIREMENT PLAN AND POST EMPLOYMENT BENEFITS (CONTINUED)

B. Net Pension Liability

The County's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 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.

Actuarial Assumptions

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

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry-Age Normal	
Actuarial Assumptions:		
Discount Rate	7.50%	7.50%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	Varies by Entry Age and Service	
Investment Rate of Return	7.50% ⁽¹⁾	7.50% ⁽¹⁾
Mortality	Derived using CalPERS' Membership Data for All Funds	

(1) Net of pension plan investment expenses, including inflation.

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 each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans ran 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 7.5 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.

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.

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 9: EMPLOYEES' RETIREMENT PLAN AND POST EMPLOYMENT BENEFITS (CONTINUED)

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled 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 2017-2018 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until there is a change in 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 investment expense and inflation) are developed for each major asset class.

The long-term expected rate of return includes both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects 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 geometric rates of return are net of administrative expenses.

Asset Class	Strategic Allocation	Real Return Years 1-10 ⁽¹⁾	Real Return Years 11-60 ⁽²⁾
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Imflation 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 Foresrland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

⁽¹⁾ An expected inflation rate of 2.5% used for this period

⁽²⁾ An expected inflation rate of 3.0% used for this period

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 9: EMPLOYEES' RETIREMENT PLAN AND POST EMPLOYMENT BENEFITS (CONTINUED)

C. Changes in the Net Pension Liability

The changes in the Net Pension Liability for the County's Miscellaneous Plan follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2013	<u>\$ 292,151,570</u>	<u>\$ 206,258,813</u>	<u>\$ 85,892,757</u>
Changes in the year:			
Service cost	7,829,813	-	7,829,813
Interest on total pension liability	21,710,089	-	21,710,089
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Other differences	-	428,607	(428,607)
Changes in assumptions	-	(15,546,563)	15,546,563
Contributions from the employer	-	8,238,602	(8,238,602)
Contributions from employees	-	3,198,949	(3,198,949)
Net Investment Income	-	35,852,926	(35,852,926)
Benefit payments, including refunds of employee contributions	(13,296,051)	(13,296,051)	-
Net Changes	<u>16,243,851</u>	<u>18,876,470</u>	<u>(2,632,619)</u>
Balance at June 30, 2014	<u><u>\$ 308,395,421</u></u>	<u><u>\$ 225,135,283</u></u>	<u><u>\$ 83,260,138</u></u>

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 9: EMPLOYEES' RETIREMENT PLAN AND POST EMPLOYMENT BENEFITS (CONTINUED)

The changes in the Net Pension Liability for the County's Safety Plan follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2013	\$ 96,856,469	\$ 69,101,559	\$ 27,754,910
Changes in the year:			
Service cost	2,632,651	-	2,632,651
Interest on total pension liability	5,157,424	-	5,157,424
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Other differences	-	32,257	(32,257)
Changes in assumptions	-	(5,773,101)	5,773,101
Contributions from the employer	-	3,036,909	(3,036,909)
Contributions from employees	-	947,817	(947,817)
Net Investment Income	-	12,015,625	(12,015,625)
Benefit payments, including refunds of employee contributions	(4,229,813)	(4,229,813)	-
Net Changes	3,560,262	6,029,694	(2,469,432)
Balance at June 30, 2014	\$ 100,416,731	\$ 75,131,253	\$ 25,285,478

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

The following presents the net pension liability of the County for each Plan, calculated using the discount rate for each 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 points lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety	Total
1% Decrease	6.50%	6.50%	6.50%
Net Pension Liability	\$ 120,702,953	\$ 37,582,261	\$ 158,285,214
Current Discount Rate	7.50%	7.50%	7.50%
Net Pension Liability	\$ 83,260,138	\$ 25,285,478	\$ 108,545,616
1% Increase	8.50%	8.50%	8.50%
Net Pension Liability	\$ 52,090,127	\$ 15,048,778	\$ 67,138,905

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 9: EMPLOYEES' RETIREMENT PLAN AND POST EMPLOYMENT BENEFITS (CONTINUED)

Pension Plan Fiduciary Net Position

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

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

For the year ended June 30, 2015, the County recognized pension expense of \$5,631,169. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

Change in net pension liability	\$ (5,102,051)
Contributions	11,304,020
Deferral for subsequent contributions	(11,750,485)
Deferred inflow - excess investment earnings	11,179,685
Pension expense	<u>\$ 5,631,169</u>

At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	-	8,319,885
Adjustment due to differences in proportions	-	2,859,800
County contributions subsequent to the measurement date	<u>11,750,485</u>	<u>-</u>
Total	<u>\$ 11,750,485</u>	<u>\$ 11,179,685</u>

\$11,750,485 reported as deferred outflows of resources related to pensions resulting from County 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 in pension expense as follows:

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 9: EMPLOYEES' RETIREMENT PLAN AND POST EMPLOYMENT BENEFITS (CONTINUED)

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
<u> </u>	<u> </u>
2016	\$ (2,235,937)
2017	(2,235,937)
2018	(2,235,937)
2019	(2,235,937)
2020	(2,235,937)
Thereafter	-
Total	<u>\$ (11,179,685)</u>

Prior Period Adjustment

A prior period adjustment of \$102,343,648 was made to decrease governmental activities' beginning net position. The adjustment was made to reflect the prior period costs related to the implementation of the net pension liability.

The restatement of beginning net position is summarized as follows:

	<u>Governmental Activities</u>
Net position at July 1, 2014, as previously stated	\$ 149,186,601
Net pension liability adjustment	<u>(102,343,648)</u>
Net position at July 1, 2014, as restated	<u>\$ 46,842,953</u>

Prior adjustments were made in the following funds:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General Liability	To account for net pension liability	\$ (416,079)
Fleet Management	To account for net pension liability	(513,225)
Information Technology	To account for net pension liability	(2,214,198)
Governmental Activities	To account for net pension liability	<u>(99,200,146)</u>
	Total	<u>\$ (102,343,648)</u>

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 10: OTHER POST EMPLOYMENT BENEFITS (OPEB)

The County contributes to the miscellaneous plan of the County of Sutter and the safety plan of the County of Sutter (plans) which are part of the California Public Employees Retirement System (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for governmental entities in the State of California. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions and all other requirements are established by statute. Copies of PERS' annual financial report may be obtained from their executive office – 400 P Street, Sacramento, CA 95814.

The County provides medical, dental and vision insurance to retirees under an approved County ordinance. Employees that meet the following requirements are eligible for coverage under the County of Sutter Retiree Healthcare Plan: 1) the employee retires directly from the County under CalPERS; or 2) participates in the Tri County Schools Insurance Group (TCSIG) plan. The County has elected to contribute a percentage toward the cost of premiums for the retiree and spouse based on years of service.

Funding Policy

The contribution requirements of the plan members and the County are established and may be amended by the County. The contribution is based on pay-as-you-go financing requirements. For fiscal year 2014/2015, the County contributed \$95,416, or 8.0%, of the actuarially required contributions to the Retiree Healthcare Plan.

Annual OPEB Cost and Net OPEB Obligation

The annual required contribution (ARC) is an amount actuarially determined in accordance with the parameters of GASB Statement 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension*. The County's ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of 30 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 Healthcare Plan:

Annual required contribution	\$ 1,186,720
Interest on net OPEB obligation	264,400
Adjustment to the ARC	<u>(319,380)</u>
Annual OPEB cost (expense)	<u>1,131,740</u>
Contributions made	<u>(432,087)</u>
Increase in net OPEB obligation	699,653
Net OPEB obligation - beginning of year	6,609,996
Net OPEB obligation - end of year	<u><u>\$ 7,309,649</u></u>

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 10: OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Annual OPEB Cost and Net OPEB Obligation (continued)

The County's Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the Plan (as described in the funding policy above), and the Net OPEB Obligation for fiscal years ending 2013, 2014 and 2015 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost	Net OPEB Obligation
6/30/2013	\$ 1,099,811	8.75%	\$ 5,562,224
6/30/2014	1,171,440	8.25%	6,609,996
6/30/2015	1,131,740	38.18%	7,309,649

Funded Status and Funding Progress

The funded status of the plan, based on an actuarial valuation as of June 30, 2014, the plan's most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 11,780,289
Actuarial value of plan assets	--
Unfunded actuarial accrued liability (UAAL)	\$ 11,780,289
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active Plan members)	\$ 47,660,457
UAAL as a percentage of covered payroll	25%

Actuarial Methods and Assumptions

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

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.

In the June 30, 2013 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.1% investment rate of return, and an inflation rate of 3% per year. The OPEB plan's unfunded actuarial liability is being amortized by level percent of payroll contributions over 30 years. The remaining amortization period at June 30, 2015, was 25 years.

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 11: RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has Risk Management Funds (internal service funds) to account for and finance its uninsured risks of loss for general liability and worker’s compensation. Under this program, the Risk Management Funds provide coverage for up to a maximum of \$100,000 for each general liability claim. The County is a member of a joint powers agency (JPA) called Trindel Insurance Fund (Trindel). The County pays an annual premium to Trindel for excess liability insurance coverage and all workers' compensation coverage.

All funds of the County participate in the program and make payments to the Risk Management Funds based on actuarial estimates of the amounts needed to pay prior and current year claims and premiums and to establish a reserve for future liability losses. The Board of Supervisors adopted a policy that the claims liability will be adjusted annually to not less than the 75% confidence level and not more than the 90% confidence level as determined by the actuary or actual, whichever is greater. At June 30, 2015, the General Liability fund had Net Position deficit of \$(356,597) and the Workers’ Compensation fund had Net Position of \$46,827. The claims liability of \$720,000 reported in the General Liability fund at fiscal year ended is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements and the amount of the loss can be reasonably estimated. The following represents the amount of the outstanding liabilities determined by the actuaries.

Changes in the County’s claims liability amount for the fiscal years 2013, 2014 and 2015 were as follows:

<u>Fiscal Year Ending</u>	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at End of Fiscal Year</u>
June 30, 2013	\$ 434,000	\$ 126,264	\$ 78,264	\$ 482,000
June 30, 2014	482,000	191,796	142,796	531,000
June 30, 2015	531,000	230,387	41,387	720,000

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 12: FUND BALANCE CLASSIFICATIONS

Fund balance classifications for the governmental funds as of June 30, 2015 are presented below:

	General	Bi-County Mental Health	Welfare	Public Safety/ Trial Courts	Mental Health Services Act	Public Safety Realignment	Capital Projects	Other Governmental	Total Governmental Funds
Nonspendable:									
Prepaid expenses	\$ 6,190	\$ 1,042	\$ 73,510	\$ 13,926	\$ 700	\$ -	\$ -	\$ -	\$ 95,368
Inventory	-	-	-	-	-	-	-	52,597	52,597
Advances and loans receivables	2,883,381	-	-	-	-	-	-	-	2,883,381
Permanant funds	-	-	-	-	-	-	-	30,013	30,013
Subtotal	<u>2,889,571</u>	<u>1,042</u>	<u>73,510</u>	<u>13,926</u>	<u>700</u>	<u>-</u>	<u>-</u>	<u>82,610</u>	<u>3,061,359</u>
Restricted for:									
Taxes and fees	-	-	-	-	-	-	-	5,808,302	5,808,302
Public protection	-	-	-	94,038	-	6,199,348	-	9,838,932	16,132,318
Public ways & facilities	-	-	-	-	-	-	-	10,690,552	10,690,552
Health and social services	-	72,220	2,114	-	10,053,701	-	-	16,693,528	26,821,563
Community development	-	-	-	-	-	-	-	1,583,199	1,583,199
Other	2,452	-	-	-	-	-	-	987,105	989,557
Subtotal	<u>2,452</u>	<u>72,220</u>	<u>2,114</u>	<u>94,038</u>	<u>10,053,701</u>	<u>6,199,348</u>	<u>-</u>	<u>45,601,618</u>	<u>62,025,491</u>
Committed to:									
Capital Projects	7,075,501	-	-	-	-	-	2,641,258	-	9,716,759
Public protection	2,488,000	-	-	-	-	-	-	-	2,488,000
Pension obligation & OPEB	675,879	-	-	-	-	-	-	-	675,879
Future vehicle purchase	573,975	-	-	-	-	-	-	-	573,975
Other	2,400,107	-	-	-	-	-	-	-	2,400,107
Subtotal	<u>13,213,462</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,641,258</u>	<u>-</u>	<u>15,854,720</u>
Assigned to:									
Other	710,070	-	-	-	-	-	-	-	710,070
Subtotal	<u>710,070</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>710,070</u>
Unassigned	<u>8,620,714</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(115,623)</u>	<u>8,505,091</u>
Total	<u>\$ 25,436,269</u>	<u>\$ 73,262</u>	<u>\$ 75,624</u>	<u>\$ 107,964</u>	<u>\$ 10,054,401</u>	<u>\$ 6,199,348</u>	<u>\$ 2,641,258</u>	<u>\$ 45,568,605</u>	<u>\$ 90,156,731</u>

NOTE 13: FUND BALANCE/NET POSITION DEFICIT

The following funds had deficit fund balances at June 30, 2015:

	<u>Deficit Amount</u>
General Liability	\$ 356,597
Information Technology	687,775
Special Aviation	108,593
Sutter County Health	761
Landscape District Wildwood	5
Animal Control Spay/Neuter	23
Candidates Statement of Election	42

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

NOTE 13: **FUND BALANCE/NET POSITION DEFICIT** (continued)

The deficits in these funds are expected to be eliminated through future years' revenues.

NOTE 14: **OTHER INFORMATION**

A. Construction Commitments

At June 30, 2015, the County has commitments of approximately \$713,935 for construction contracts, awarded but not completed.

B. Contingent Liabilities

Grants

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

Other Claims

The County is subject to various lawsuits, inverse condemnation cases, personnel actions, disputes over tax assessments, and other actions incidental to the ordinary course of County operations. In the opinion of the County Counsel, the total potential claims against the County not covered by insurance resulting from litigation would not materially affect the financial statements of the County at June 30, 2015.

C. Joint Agencies

The CSAC Excess Insurance Authority is a joint powers authority organized for the purpose to develop and fund excess insurance programs for member counties. The Authority operates public entity risk pools for workers' compensation, comprehensive liability, property, medical malpractice, and pool purchases excess insurance and services for members. The Authority is under the control and direction of a board of directors consisting of representatives of the fifty member counties.

Completed audited financial statements for CSAC Excess Insurance Authority can be obtained from the Authority's office at 3017 Gold Canal Drive, Suite 300, Rancho Cordova, California 95670.

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REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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COUNTY OF SUTTER

Required Supplementary Information
For the Year Ended June 30, 2015

Schedule of Changes in Net Pension Liability and Related Ratios

Miscellaneous Plan – Agent Multiple-Employer Defined Benefit Pension Plan

Last 10 Fiscal Years*

	<u>FY 2014</u>
Total Pension Liability	
Service cost	\$ 7,829,813
Interest on total pension liability	21,710,089
Differences between expected and actual experience	15,546,563
Benefit payments, including refunds of employee contributions	<u>(13,296,051)</u>
Net Change in total pension liability	31,790,414
Total pension liability - beginning	<u>292,151,570</u>
Total pension liability - ending (a)	<u>323,941,984</u>
 Plan Fiduciary Net Position	
Contributions - employer	8,238,602
Contributions - employee	3,198,949
Net investment income	35,852,926
Benefit payments, including refunds of employee contributions	(13,296,051)
Other differences	<u>428,607</u>
Net change in plan fiduciary net position	34,423,033
Plan fiduciary net position - beginning	<u>206,258,813</u>
Plan fiduciary net position - ending (b)	<u>240,681,846</u>
Net pension liability - ending (a) - (b)	<u>\$ 83,260,138</u>
 Plan fiduciary net position as a percentage of total pension liability	74.30%
County's covered-employee payroll	40,672,000
Net pension liability as a percentage of covered-employee payroll	204.71%

*Amounts presented above were determined as of June 30. Additional years will be presented as they become available.

Schedule of Pension Plan Contributions

Miscellaneous Plan

	<u>2014</u>
Actuarially determined contribution	\$ 8,238,602
Contributions in relation to the actuarially determined contributions	<u>8,238,602</u>
Contributions deficiency (excess)	<u>-</u>
 Covered-employee payroll	40,672,000

COUNTY OF SUTTER

Required Supplementary Information
For the Year Ended June 30, 2015

Schedule of Proportionate Share of the Net Pension Liability / (Asset) and Related Ratios as of the Measurement Date

Safety Plan – Agent Multiple-Employer Defined Benefit Pension Plans

Last 10 Fiscal Years*

	<u>FY 2014</u>
Total Pension Liability	
Service cost	\$ 2,632,651
Interest on total pension liability	5,157,424
Changes of assumptions	5,773,101
Benefit payments, including refunds of employee contributions	<u>(4,229,813)</u>
Net Change in total pension liability	9,333,363
Total pension liability - beginning	<u>96,856,469</u>
Total pension liability - ending (a)	<u>106,189,832</u>
 Plan Fiduciary Net Position	
Contributions - employer	3,036,909
Contributions - employee	947,817
Net investment income	12,015,625
Benefit payments, including refunds of employee contributions	(4,229,813)
Other differences	<u>32,257</u>
Net change in plan fiduciary net position	11,802,795
Plan fiduciary net position - beginning	<u>69,101,559</u>
Plan fiduciary net position - ending (b)	<u>80,904,354</u>
Net pension liability - ending (a) - (b)	<u>\$ 25,285,478</u>
 Plan fiduciary net position as a percentage of total pension liability	76.19%
County's covered-employee payroll	10,531,295
Net pension liability as a percentage of covered-employee payroll	240.10%

Schedule of Pension Plan Contributions

Safety Plans - Multiple-Employer Defined Benefit Pension Plan

	<u>2014</u>
Actuarially determined contribution	\$ 3,036,909
Contributions in relation to the actuarially determined contributions	<u>3,036,909</u>
Contributions deficiency (excess)	<u>-</u>
 Covered-employee payroll	10,531,295
	28.84%

*Amounts presented above were determined as of June 30. Additional years will be presented as they become available.

COUNTY OF SUTTER

Required Supplementary Information
For the Year Ended June 30, 2015

POST-EMPLOYMENT HEALTH PLAN

Schedule of Funding Progress:

The table below shows a three-year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30:

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded/ (Overfunded) Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
6/30/2011	\$ 10,275,446	\$ --	\$ 10,275,446	0.00%	\$ 49,965,211	20.6%
6/30/2013	11,283,436	--	11,283,436	0.00%	51,559,897	21.9%
6/30/2014	12,060,946	--	12,060,946	0.00%	53,235,593	22.7%

COUNTY OF SUTTER

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 26,104,843	\$ 26,104,843	\$ 28,412,491	\$ 2,307,648
Licenses and permits	1,820,267	1,823,823	2,347,222	523,399
Fines, forfeits and penalties	65,950	66,085	94,726	28,641
Revenue from use of money and property	388,130	434,955	399,295	(35,660)
Aid from other governments	9,086,051	10,354,948	10,332,227	(22,721)
Charges for services	3,876,596	3,895,032	2,406,773	(1,488,259)
Miscellaneous revenue	1,055,848	1,164,670	1,233,200	68,530
Total Revenues	<u>42,397,685</u>	<u>43,844,356</u>	<u>45,225,934</u>	<u>1,381,578</u>
Expenditures:				
Current:				
General government	11,788,266	12,435,054	10,121,005	2,314,049
Public protection	8,478,700	9,180,498	6,529,348	2,651,150
Public way and facilities	123,843	123,843	123,843	--
Public assistance	67,728	67,728	57,933	9,795
Education	1,378,682	1,517,203	1,441,265	75,938
Recreation and culture	623,692	695,135	686,084	9,051
Capital outlay	449,325	780,325	294,947	485,378
Total Expenditures	<u>22,910,236</u>	<u>24,799,786</u>	<u>19,254,425</u>	<u>5,059,983</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>19,487,449</u>	<u>19,044,570</u>	<u>25,971,509</u>	<u>6,441,561</u>
Other Financing Sources (Uses):				
Transfers in	385,288	1,504,809	1,139,559	(365,250)
Transfers out	(24,347,926)	(25,137,317)	(23,632,251)	1,505,066
Total Other Financing Sources (Uses)	<u>(23,962,638)</u>	<u>(23,632,508)</u>	<u>(22,492,692)</u>	<u>1,139,816</u>
Net Change in Fund Balances	(4,475,189)	(4,587,938)	3,478,817	8,066,755
Budgetary Fund Balances - Beginning of Year	<u>21,957,452</u>	<u>21,957,452</u>	<u>21,957,452</u>	<u>--</u>
Budgetary Fund Balances - End of Year	<u>\$ 17,482,263</u>	<u>\$ 17,369,514</u>	<u>\$ 25,436,269</u>	<u>\$ 8,066,755</u>

COUNTY OF SUTTER

Budgetary Comparison Schedule
Bi-County Mental Health
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Revenue from use of money and property	\$ 25,000	\$ 25,000	\$ 15,112	\$ (9,888)
Aid from other governments	8,834,027	8,834,027	9,485,673	651,646
Charges for services	645,000	644,973	551,312	(93,661)
Other revenues	76,800	76,800	155,772	78,972
Total Revenues	<u>9,580,827</u>	<u>9,580,800</u>	<u>10,207,869</u>	<u>627,069</u>
Expenditures:				
Current:				
Health and sanitation	24,148,397	24,774,893	24,246,386	528,507
Debt service: interest	35,000	35,000	18,819	16,181
Capital Outlay	52,000	87,207	48,538	38,669
Total Expenditures	<u>24,235,397</u>	<u>24,897,100</u>	<u>24,313,743</u>	<u>583,357</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(14,654,570)</u>	<u>(15,316,300)</u>	<u>(14,105,874)</u>	<u>1,210,426</u>
Other Financing Sources (Uses):				
Transfers in	12,778,420	13,440,150	12,842,754	(597,396)
Transfers out	(8,115)	(299,317)	(296,111)	3,206
Total Other Financing Sources (Uses)	<u>12,770,305</u>	<u>13,140,833</u>	<u>12,546,643</u>	<u>(594,190)</u>
Net Change in Fund Balances	(1,884,265)	(2,175,467)	(1,559,231)	616,236
Fund Balances - Beginning of Year	<u>1,632,493</u>	<u>1,632,493</u>	<u>1,632,493</u>	<u>--</u>
Fund Balances - End of Year	<u>\$ (251,772)</u>	<u>\$ (542,974)</u>	<u>\$ 73,262</u>	<u>\$ 616,236</u>

COUNTY OF SUTTER

Budgetary Comparison Schedule
Welfare
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Revenue from use of money and property	\$ --	\$ --	\$ (11,686)	\$ (11,686)
Aid from other governments	27,605,299	24,772,373	21,235,315	(3,537,058)
Charges for services	--	--	21	21
Other revenues	12,500	12,500	19,442	6,942
Total Revenues	<u>27,617,799</u>	<u>24,784,873</u>	<u>21,243,092</u>	<u>(3,541,781)</u>
Expenditures:				
Current:				
Public assistance	41,688,546	42,137,926	38,131,333	4,006,593
Capital outlay	21,500	221,521	142,164	79,357
Total Expenditures	<u>41,710,046</u>	<u>42,359,447</u>	<u>38,273,497</u>	<u>4,085,950</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(14,092,247)</u>	<u>(17,574,574)</u>	<u>(17,030,405)</u>	<u>544,169</u>
Other Financing Sources (Uses):				
Transfers in	14,721,668	18,266,496	17,630,084	(636,412)
Transfers out	(629,421)	(691,921)	(534,338)	157,583
Total Other Financing Sources (Uses)	<u>14,092,247</u>	<u>17,574,575</u>	<u>17,095,746</u>	<u>(478,829)</u>
Net Change in Fund Balances	--	1	65,341	65,340
Fund Balances - Beginning of Year	<u>10,283</u>	<u>10,283</u>	<u>10,283</u>	<u>--</u>
Fund Balances - End of Year	<u>\$ 10,283</u>	<u>\$ 10,284</u>	<u>\$ 75,624</u>	<u>\$ 65,340</u>

COUNTY OF SUTTER

Budgetary Comparison Schedule
Public Safety/Trial Courts
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 17,294	\$ 17,294	\$ 17,809	\$ 515
Licenses and permits	23,600	23,600	19,763	(3,837)
Fines, forfeitures and penalties	604,315	637,113	871,226	234,113
Revenue from use of money and property	--	--	(3,408)	(3,408)
Aid from other governments	1,959,103	2,116,493	2,288,433	171,940
Charges for services	878,981	871,529	837,019	(34,510)
Other revenues	29,664	37,936	32,509	(5,427)
Total Revenues	<u>3,512,957</u>	<u>3,703,965</u>	<u>4,063,351</u>	<u>359,386</u>
Expenditures:				
Current:				
Public protection	33,524,743	33,910,750	32,634,049	1,276,701
Capital outlay	289,169	646,814	419,063	227,751
Total Expenditures	<u>33,813,912</u>	<u>34,557,564</u>	<u>33,053,112</u>	<u>1,504,452</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(30,300,955)</u>	<u>(30,853,599)</u>	<u>(28,989,761)</u>	<u>1,863,838</u>
Other Financing Sources (Uses):				
Transfers in	30,467,285	30,946,471	29,096,370	(1,850,101)
Transfers out	(8,130)	(87,097)	(64,904)	22,193
Total Other Financing Sources (Uses)	<u>30,459,155</u>	<u>30,859,374</u>	<u>29,031,466</u>	<u>(1,827,908)</u>
Net Change in Fund Balances	158,200	5,775	41,705	35,930
Fund Balances - Beginning of Year	<u>66,259</u>	<u>66,259</u>	<u>66,259</u>	<u>--</u>
Fund Balances - End of Year	<u>\$ 224,459</u>	<u>\$ 72,034</u>	<u>\$ 107,964</u>	<u>\$ 35,930</u>

COUNTY OF SUTTER

Budgetary Comparison Schedule
Mental Health Services Act
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Revenue from use of money and property	\$ 45,000	\$ 45,000	\$ 85,229	\$ 40,229
Aid from other governments	6,861,918	6,861,918	10,511,769	3,649,851
Charges for services	43,500	43,500	95,562	52,062
Other revenues	--	--	1,220	1,220
Total Revenues	6,950,418	6,950,418	10,693,780	3,743,362
Expenditures:				
Current:				
Health and sanitation	7,927,808	7,634,672	6,224,797	1,409,875
Debt Service:				
Interest	15,000	15,000	--	15,000
Capital outlay	26,000	26,000	24,180	1,820
Total Expenditures	7,968,808	7,675,672	6,248,977	1,426,695
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,018,390)	(725,254)	4,444,803	5,170,057
Other Financing Sources (Uses):				
Transfers in	879,320	890,038	766,284	(123,754)
Transfers out	(1,460,350)	(1,778,540)	(1,840,190)	(61,650)
Total Other Financing Sources (Uses)	(581,030)	(888,502)	(1,073,906)	(185,404)
Net Change in Fund Balances	(1,599,420)	(1,613,756)	3,370,897	4,984,653
Fund Balances - Beginning of Year	6,683,504	6,683,504	6,683,504	--
Fund Balances - End of Year	\$ 5,084,084	\$ 5,069,748	\$ 10,054,401	\$ 4,984,653

COUNTY OF SUTTER

Budgetary Comparison Schedule
Public Safety Realignment
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Revenue from use of money and property	\$ 2,200	\$ 2,363	\$ 57,233	\$ 54,870
Aid from other governments	18,744,078	27,084,422	26,849,886	(234,536)
Charges for services	1,132,896	1,228,887	1,228,885	(2)
Total Revenues	<u>19,879,174</u>	<u>28,315,672</u>	<u>28,136,004</u>	<u>(179,668)</u>
Expenditures:				
Current:				
Public protection	200	200	13,881	(13,681)
Debt Service:				
Interest	--	--	162	(162)
Total Expenditures	<u>200</u>	<u>200</u>	<u>14,043</u>	<u>(13,843)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>19,878,974</u>	<u>28,315,472</u>	<u>28,121,961</u>	<u>(193,511)</u>
Other Financing Sources (Uses):				
Transfers in	8,693,187	9,746,589	--	(9,746,589)
Transfers out	<u>(28,572,161)</u>	<u>(37,249,474)</u>	<u>(26,704,017)</u>	<u>10,545,457</u>
Total Other Financing Sources (Uses)	<u>(19,878,974)</u>	<u>(27,502,885)</u>	<u>(26,704,017)</u>	<u>798,868</u>
Net Change in Fund Balances	--	812,587	1,417,944	605,357
Fund Balances - Beginning of Year	<u>4,781,404</u>	<u>4,781,404</u>	<u>4,781,404</u>	<u>--</u>
Fund Balances - End of Year	<u>\$ 4,781,404</u>	<u>\$ 5,593,991</u>	<u>\$ 6,199,348</u>	<u>\$ 605,357</u>

COUNTY OF SUTTER

Note to Required Supplementary Information
For the Year Ended June 30, 2015

BUDGETARY BASIS OF ACCOUNTING

The County follows these procedures annually in establishing the budgetary data reflected in the financial statements:

1. The County Administrative Officer submits to the Board of Supervisors a proposed draft budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. The Board of Supervisors reviews the proposed budget at regularly scheduled meetings, which are open to the public. The Board also conducts a public hearing on the proposed budget to obtain comments from interested persons.
3. Prior to July 1, the budget is adopted through the passage of a resolution.
4. From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein, as proposed expenditures become appropriations to the various County departments. The Board of Supervisors may amend the budget by motion during the fiscal year.

Formal budgetary integration is employed as a management control device during the year. The County presents a comparison of annual budgets to actual results for all governmental funds except for debt service funds, the expenditures of which are controlled by provisions of debt agreements. The amounts reported on the budgetary basis are generally on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

Encumbrances outstanding at year end are recorded as reservations of fund balance since they do not constitute expenditures or liabilities. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward in the ensuing year's budget.

SUPPLEMENTARY INFORMATION

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COUNTY OF SUTTER

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue			
	Road	Special Aviation	Fish & Game	Sutter County Health
Assets				
Cash and investments	\$ 9,075,501	\$ 80,413	\$ 46,958	\$ 627,536
Accounts receivable	114	--	--	12,492
Due from other governments	330,457	--	--	1,046,961
Interest receivable	21,625	188	112	867
Due from other funds	73,675	--	205	741,231
Inventory	46,393	6,204	--	--
Loans receivable	--	--	--	--
less allowance for doubtful accounts	--	--	--	--
Total Assets	\$ 9,547,765	\$ 86,805	\$ 47,275	\$ 2,429,087
Liabilities				
Accounts payable	\$ 85,428	\$ --	\$ 1,711	\$ 99,181
Salaries and benefits payable	75,874	--	--	291,910
Deposits payable	--	--	--	3,858
Due to other funds	294,603	--	--	1,249,098
Advances from other funds	--	195,398	--	--
Unearned revenue	11,295	--	--	--
Total Liabilities	467,200	195,398	1,711	1,644,047
Deferred Inflows of Resources				
Unavailable revenue	--	--	--	785,801
Fund Balance				
Nonspendable	46,393	6,204	--	--
Restricted	9,034,172	--	45,564	--
Unassigned	--	(114,797)	--	(761)
Total Fund Balances	9,080,565	(108,593)	45,564	(761)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 9,547,765	\$ 86,805	\$ 47,275	\$ 2,429,087

continued

COUNTY OF SUTTER

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2015

	Special Revenue		
	Child Support Services Reimbursement/ Adjustment	Survey Monument Preservation	Economic Development
Assets			
Cash and investments	\$ 305,713	\$ 38,218	\$ 1,273,130
Accounts receivable	--	--	368
Due from other governments	--	--	--
Interest receivable	941	91	3,028
Due from other funds	2,397	--	1
Inventory	--	--	--
Loans receivable	--	--	1,700,967
less allowance for doubtful accounts	--	--	(1,383,513)
Total Assets	<u>\$ 309,051</u>	<u>\$ 38,309</u>	<u>\$ 1,593,981</u>
Liabilities			
Accounts payable	\$ 11,499	\$ --	\$ 10,781
Salaries and benefits payable	102,036	--	--
Deposits payable	--	--	--
Due to other funds	5,044	--	1
Advances from other funds	--	--	--
Unearned revenue	--	--	--
Total Liabilities	<u>118,579</u>	<u>--</u>	<u>10,782</u>
Deferred Inflows of Resources			
Unavailable revenue	--	--	--
Fund Balance			
Nonspendable	--	--	--
Restricted	190,472	38,309	1,583,199
Unassigned	--	--	--
Total Fund Balances	<u>190,472</u>	<u>38,309</u>	<u>1,583,199</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 309,051</u>	<u>\$ 38,309</u>	<u>\$ 1,593,981</u>

continued

COUNTY OF SUTTER

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2015

	Special Revenue			
	Criminal Justice and Law	County Fees and Taxes	Health Education and Welfare	Local Health and Welfare - Health
Assets				
Cash and investments	\$ 2,310,898	\$ 6,347,858	\$ 3,377,059	\$ --
Accounts receivable	26,610	--	449	--
Due from other governments	1,406,105	--	207,125	244,972
Interest receivable	5,867	15,055	8,292	--
Due from other funds	106,879	--	12,040	--
Inventory	--	--	--	--
Loans receivable	--	--	--	--
less allowance for doubtful accounts	--	--	--	--
Total Assets	\$ 3,856,359	\$ 6,362,913	\$ 3,604,965	\$ 244,972
Liabilities				
Accounts payable	\$ 78,006	\$ --	\$ 37,437	\$ --
Salaries and benefits payable	7,932	--	--	--
Deposits payable	--	--	2	--
Due to other funds	1,385,068	554,611	237,157	--
Advances from other funds	--	--	--	--
Unearned revenue	--	--	--	--
Total Liabilities	1,471,006	554,611	274,596	--
Deferred Inflows of Resources				
Unavailable revenue	--	--	--	--
Fund Balance				
Nonspendable	--	--	--	--
Restricted	2,385,353	5,808,302	3,330,369	244,972
Unassigned	--	--	--	--
Total Fund Balances	2,385,353	5,808,302	3,330,369	244,972
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,856,359	\$ 6,362,913	\$ 3,604,965	\$ 244,972

continued

COUNTY OF SUTTER

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2015

	Special Revenue		
	Local Health and Welfare - Social Services	Public Ways and Facilities	Candidates Statement of Election
Assets			
Cash and investments	\$ 9,302,435	\$ 1,562,137	\$ 432
Accounts receivable	--	--	--
Due from other governments	585,586	--	--
Interest receivable	--	3,948	--
Due from other funds	668,705	151	--
Inventory	--	--	--
Loans receivable	--	--	--
less allowance for doubtful accounts	--	--	--
	\$ 10,556,726	\$ 1,566,236	\$ 432
Liabilities			
Accounts payable	\$ --	\$ 9,834	\$ 474
Salaries and benefits payable	--	--	--
Deposits payable	--	38,547	--
Due to other funds	--	--	--
Advances from other funds	--	--	--
Unearned revenue	--	20,719	--
	--	69,100	474
Deferred Inflows of Resources			
Unavailable revenue	--	--	--
Fund Balance			
Nonspendable	--	--	--
Restricted	10,556,726	1,497,136	--
Unassigned	--	--	(42)
	10,556,726	1,497,136	(42)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 10,556,726	\$ 1,566,236	\$ 432

continued

COUNTY OF SUTTER

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2015

	Special Revenue			
	County Recorder Upgrade Fee	Automated County Warrants	ORC Collections	Plan Check Inspection Fees
Assets				
Cash and investments	\$ 436,963	\$ 284,652	\$ 125,436	\$ 268,344
Accounts receivable	1,756	--	--	--
Due from other governments	--	--	--	--
Interest receivable	1,008	--	--	643
Due from other funds	--	1,816	--	--
Inventory	--	--	--	--
Loans receivable	--	--	--	--
less allowance for doubtful accounts	--	--	--	--
Total Assets	\$ 439,727	\$ 286,468	\$ 125,436	\$ 268,987
Liabilities				
Accounts payable	\$ --	\$ --	\$ 5,728	\$ --
Salaries and benefits payable	--	--	--	--
Deposits payable	--	--	--	--
Due to other funds	31,887	--	5,010	--
Advances from other funds	--	--	--	--
Unearned revenue	--	--	100,108	--
Total Liabilities	31,887	--	110,846	--
Deferred Inflows of Resources				
Unavailable revenue	--	--	--	--
Fund Balance				
Nonspendable	--	--	--	--
Restricted	407,840	286,468	14,590	268,987
Unassigned	--	--	--	--
Total Fund Balances	407,840	286,468	14,590	268,987
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 439,727	\$ 286,468	\$ 125,436	\$ 268,987

continued

COUNTY OF SUTTER

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2015

	Special Revenue			
	Community Services	Animal Control Spay/Neuter	Vital Statistics Recorder	Child Passenger Restraint
Assets				
Cash and investments	\$ 9,198	\$ 57	\$ 100,605	\$ 34,728
Accounts receivable	--	--	56	--
Due from other governments	--	--	--	--
Interest receivable	22	--	237	96
Due from other funds	--	--	--	25
Inventory	--	--	--	--
Loans receivable	--	--	--	--
less allowance for doubtful accounts	--	--	--	--
Total Assets	\$ 9,220	\$ 57	\$ 100,898	\$ 34,849
Liabilities				
Accounts payable	\$ --	\$ --	\$ --	\$ --
Salaries and benefits payable	--	--	--	--
Deposits payable	--	80	--	--
Due to other funds	--	--	45,684	--
Advances from other funds	--	--	--	--
Unearned revenue	--	--	--	--
Total Liabilities	--	80	45,684	--
Deferred Inflows of Resources				
Unavailable revenue	--	--	--	--
Fund Balance				
Nonspendable	--	--	--	--
Restricted	9,220	--	55,214	34,849
Unassigned	--	(23)	--	--
Total Fund Balances	9,220	(23)	55,214	34,849
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 9,220	\$ 57	\$ 100,898	\$ 34,849

continued

COUNTY OF SUTTER

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2015

	<u>Special Revenue</u>			
	<u>Bioterrorism</u>	<u>County Service Areas</u>	<u>Water Agencies</u>	<u>Other Special Districts</u>
Assets				
Cash and investments	\$ 337,568	\$ 2,049,384	\$ 2,409,064	\$ 1,941,380
Accounts receivable	--	--	--	3,182
Due from other governments	--	--	--	--
Interest receivable	809	6,804	5,698	5,009
Due from other funds	--	32,519	1,917	5,209
Inventory	--	--	--	--
Loans receivable	--	--	--	--
less allowance for doubtful accounts	--	--	--	--
Total Assets	<u>\$ 338,377</u>	<u>\$ 2,088,707</u>	<u>\$ 2,416,679</u>	<u>\$ 1,954,780</u>
Liabilities				
Accounts payable	\$ 15,122	\$ 42,290	\$ 22,982	\$ 4,030
Salaries and benefits payable	--	89,030	--	--
Deposits payable	--	--	--	--
Due to other funds	23,998	32,660	2,521	194
Advances from other funds	--	633,027	--	--
Unearned revenue	--	--	--	--
Total Liabilities	<u>39,120</u>	<u>797,007</u>	<u>25,503</u>	<u>4,224</u>
Deferred Inflows of Resources				
Unavailable revenue	--	--	--	--
Fund Balance				
Nonspendable	--	--	--	--
Restricted	299,257	1,291,700	2,391,176	1,950,556
Unassigned	--	--	--	--
Total Fund Balances	<u>299,257</u>	<u>1,291,700</u>	<u>2,391,176</u>	<u>1,950,556</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 338,377</u>	<u>\$ 2,088,707</u>	<u>\$ 2,416,679</u>	<u>\$ 1,954,780</u>

continued

COUNTY OF SUTTER

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2015

	Special Revenue		
	AB109 Front Line Law	SLESF 2012-2013	DJJ Re-Entry
Assets			
Cash and investments	\$ 120,646	\$ 803,199	\$ 42,846
Accounts receivable	--	--	--
Due from other governments	--	--	--
Interest receivable	289	2,071	103
Due from other funds	--	44,732	--
Inventory	--	--	--
Loans receivable	--	--	--
less allowance for doubtful accounts	--	--	--
	\$ 120,935	\$ 850,002	\$ 42,949
Total Assets	\$ 120,935	\$ 850,002	\$ 42,949
Liabilities			
Accounts payable	\$ --	\$ --	\$ --
Salaries and benefits payable	--	--	--
Deposits payable	--	--	--
Due to other funds	--	30,012	--
Advances from other funds	--	--	--
Unearned revenue	--	--	--
	--	30,012	--
Total Liabilities	--	30,012	--
Deferred Inflows of Resources			
Unavailable revenue	--	--	--
	--	--	--
Fund Balance			
Nonspendable	--	--	--
Restricted	120,935	819,990	42,949
Unassigned	--	--	--
	--	--	--
Total Fund Balances	120,935	819,990	42,949
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 120,935	\$ 850,002	\$ 42,949

continued

COUNTY OF SUTTER

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2015

	Special Revenue			
	Landscape District Wildwood	Family Support	Drug Medi-Cal Services	Total Special Revenue
Assets				
Cash and investments	\$ (5)	\$ 2,589,622	\$ 2,471,769	\$ 48,373,744
Accounts receivable	--	--	--	45,027
Due from other governments	--	79,228	--	3,900,434
Interest receivable	--	5,731	5,848	94,382
Due from other funds	--	--	83,844	1,775,346
Inventory	--	--	--	52,597
Loans receivable	--	--	--	1,700,967
less allowance for doubtful accounts	--	--	--	(1,383,513)
Total Assets	<u>\$ (5)</u>	<u>\$ 2,674,581</u>	<u>\$ 2,561,461</u>	<u>\$ 54,558,984</u>
Liabilities				
Accounts payable	\$ --	\$ --	\$ --	\$ 424,503
Salaries and benefits payable	--	--	--	566,782
Deposits payable	--	--	--	42,487
Due to other funds	--	2,342,729	--	6,240,277
Advances from other funds	--	--	--	828,425
Unearned revenue	--	--	--	132,122
Total Liabilities	<u>--</u>	<u>2,342,729</u>	<u>--</u>	<u>8,234,596</u>
Deferred Inflows of Resources				
Unavailable revenue	--	--	--	785,801
Fund Balance				
Nonspendable	--	--	--	52,597
Restricted	--	331,852	2,561,461	45,601,618
Unassigned	(5)	--	--	(115,628)
Total Fund Balances	<u>(5)</u>	<u>331,852</u>	<u>2,561,461</u>	<u>45,538,587</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ (5)</u>	<u>\$ 2,674,581</u>	<u>\$ 2,561,461</u>	<u>\$ 54,558,984</u>

continued

COUNTY OF SUTTER

Combining Balance Sheet (continued)
Nonmajor Governmental Funds
June 30, 2015

	<u>Permanent</u>	
	Live Oak Library Endowment	<u>Total</u>
Assets		
Cash and investments	\$ 30,013	\$ 48,403,757
Accounts receivable	--	45,027
Due from other governments	--	3,900,434
Interest receivable	--	94,382
Due from other funds	--	1,775,346
Inventory	--	52,597
Loans receivable	--	1,700,967
less allowance for doubtful accounts	--	<u>(1,383,513)</u>
 Total Assets	 <u>\$ 30,013</u>	 <u>\$ 54,588,997</u>
Liabilities		
Accounts payable	\$ --	\$ 424,503
Salaries and benefits payable	--	566,782
Deposits payable	--	42,487
Due to other funds	--	6,240,277
Advances from other funds	--	828,425
Unearned revenue	--	<u>132,122</u>
 Total Liabilities	 <u>--</u>	 <u>8,234,596</u>
Deferred Inflows of Resources		
Unavailable revenue	--	<u>785,801</u>
Fund Balance		
Nonspendable	30,013	82,610
Restricted	--	45,601,618
Unassigned	--	<u>(115,628)</u>
 Total Fund Balances	 <u>30,013</u>	 <u>45,568,600</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 30,013</u>	 <u>\$ 54,588,997</u>

COUNTY OF SUTTER

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue			
	Road	Special Aviation	Fish & Game	Sutter County Health
Revenues:				
Taxes	\$ 1,738,550	\$ 17,229	\$ --	\$ --
Licenses and permits	13,871	--	--	--
Fines and forfeitures	--	--	4,043	1,390
Use of money and property	77,352	2,439	438	64,979
Intergovernmental	4,843,821	12,317	--	2,094,127
Charges for services	118,296	23,130	--	160,787
Other revenues	92,366	817	--	2,131
Total Revenues	<u>6,884,256</u>	<u>55,932</u>	<u>4,481</u>	<u>2,323,414</u>
Expenditures:				
Current:				
Public protection	--	--	8,859	--
Public ways and facilities	5,430,545	85,930	--	--
Health and sanitation	--	--	--	6,249,413
Community development	--	--	--	--
Debt service				
Interest	--	--	--	--
Capital outlay	106,965	--	--	4,990
Total Expenditures	<u>5,537,510</u>	<u>85,930</u>	<u>8,859</u>	<u>6,254,403</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,346,746</u>	<u>(29,998)</u>	<u>(4,378)</u>	<u>(3,930,989)</u>
Other Financing Sources (Uses):				
Transfers in	13,106	--	--	4,340,875
Transfers out	(222)	--	--	(402,272)
Total Other Financing Sources (Uses)	<u>12,884</u>	<u>--</u>	<u>--</u>	<u>3,938,603</u>
Net Change in Fund Balances	1,359,630	(29,998)	(4,378)	7,614
Fund Balances - Beginning of Year	<u>7,720,935</u>	<u>(78,595)</u>	<u>49,942</u>	<u>(8,375)</u>
Fund Balances - End of Year	<u>\$ 9,080,565</u>	<u>\$ (108,593)</u>	<u>\$ 45,564</u>	<u>\$ (761)</u>

continued

COUNTY OF SUTTER

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue		
	Child Support Services Reimbursement/ Adjustment	Survey Monument Preservation	Economic Development
Revenues:			
Taxes	\$ --	\$ --	\$ --
Licenses and permits	--	1,770	--
Fines and forfeitures	--	--	--
Use of money and property	3,647	341	24,924
Intergovernmental	2,734,898	--	--
Charges for services	--	--	--
Other revenues	1,628	--	--
Total Revenues	2,740,173	2,111	24,924
Expenditures:			
Current:			
Public protection	2,775,105	--	--
Public ways and facilities	--	--	--
Health and sanitation	--	--	--
Community development	--	--	30,329
Debt service			
Interest	--	--	--
Capital outlay	--	--	--
Total Expenditures	2,775,105	--	30,329
Excess (Deficiency) of Revenues Over (Under) Expenditures	(34,932)	2,111	(5,405)
Other Financing Sources (Uses):			
Transfers in	--	--	24,880
Transfers out	(370)	--	(24,880)
Total Other Financing Sources (Uses)	(370)	--	--
Net Change in Fund Balances	(35,302)	2,111	(5,405)
Fund Balances - Beginning of Year	225,774	36,198	1,588,604
Fund Balances - End of Year	\$ 190,472	\$ 38,309	\$ 1,583,199

continued

COUNTY OF SUTTER

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue			
	Criminal Justice and Law	County Fees and Taxes	Health Education and Welfare	Local Health and Welfare - Health
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	305,857	1,140	--
Fines and forfeitures	222,581	--	150,007	--
Use of money and property	21,996	56,270	29,148	--
Intergovernmental	7,682,753	--	1,048,487	531,860
Charges for services	65,169	--	44,037	--
Other revenues	321,628	--	6,499	--
Total Revenues	8,314,127	362,127	1,279,318	531,860
Expenditures:				
Current:				
Public protection	344,290	--	31,359	--
Public ways and facilities	--	--	--	--
Health and sanitation	--	--	91,395	--
Community development	--	--	--	--
Debt service				
Interest	--	--	--	--
Capital outlay	--	--	--	--
Total Expenditures	344,290	--	122,754	--
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,969,837	362,127	1,156,564	531,860
Other Financing Sources (Uses):				
Transfers in	372,657	60,053	415,528	3,225,002
Transfers out	(8,587,314)	(570,611)	(1,289,296)	(3,511,890)
Total Other Financing Sources (Uses)	(8,214,657)	(510,558)	(873,768)	(286,888)
Net Change in Fund Balances	(244,820)	(148,431)	282,796	244,972
Fund Balances - Beginning of Year	2,630,173	5,956,733	3,047,573	--
Fund Balances - End of Year	\$ 2,385,353	\$ 5,808,302	\$ 3,330,369	\$ 244,972

continued

COUNTY OF SUTTER

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue		
	Local Health and Welfare - Social Services	Public Ways and Facilities	Candidates Statement of Election
Revenues:			
Taxes	\$ --	\$ --	\$ --
Licenses and permits	--	--	--
Fines and forfeitures	--	480	--
Use of money and property	3,890	15,859	4
Intergovernmental	1,438,846	--	--
Charges for services	--	--	6,110
Other revenues	--	--	--
Total Revenues	1,442,736	16,339	6,114
Expenditures:			
Current:			
Public protection	--	--	--
Public ways and facilities	--	--	--
Health and sanitation	--	--	--
Community development	--	--	--
Debt service			
Interest	--	--	--
Capital outlay	--	--	--
Total Expenditures	--	--	--
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,442,736	16,339	6,114
Other Financing Sources (Uses):			
Transfers in	3,049,013	--	--
Transfers out	(5,661,265)	(210,000)	(6,230)
Total Other Financing Sources (Uses)	(2,612,252)	(210,000)	(6,230)
Net Change in Fund Balances	(1,169,516)	(193,661)	(116)
Fund Balances - Beginning of Year	11,726,242	1,690,797	74
Fund Balances - End of Year	\$ 10,556,726	\$ 1,497,136	\$ (42)

continued

COUNTY OF SUTTER

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue			
	County Recorder Upgrade Fee	Automated County Warrants	ORC Collections	Plan Check Inspection Fees
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--
Fines and forfeitures	--	21,246	--	--
Use of money and property	3,569	119	57	2,442
Intergovernmental	--	--	--	--
Charges for services	95,700	--	13,010	--
Other revenues	--	--	--	--
Total Revenues	<u>99,269</u>	<u>21,365</u>	<u>13,067</u>	<u>2,442</u>
Expenditures:				
Current:				
Public protection	--	--	--	--
Public ways and facilities	--	--	--	--
Health and sanitation	--	--	--	--
Community development	--	--	--	--
Debt service				
Interest	--	--	--	--
Capital outlay	--	--	--	--
Total Expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>99,269</u>	<u>21,365</u>	<u>13,067</u>	<u>2,442</u>
Other Financing Sources (Uses):				
Transfers in	--	--	--	--
Transfers out	<u>(31,887)</u>	<u>--</u>	<u>(21,281)</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>(31,887)</u>	<u>--</u>	<u>(21,281)</u>	<u>--</u>
Net Change in Fund Balances	67,382	21,365	(8,214)	2,442
Fund Balances - Beginning of Year	<u>340,458</u>	<u>265,103</u>	<u>22,804</u>	<u>266,545</u>
Fund Balances - End of Year	<u>\$ 407,840</u>	<u>\$ 286,468</u>	<u>\$ 14,590</u>	<u>\$ 268,987</u>

continued

COUNTY OF SUTTER

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue			
	Community Services	Animal Control Spay/Neuter	Vital Statistics Recorder	Child Passenger Restraint
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses and permits	213	--	--	--
Fines and forfeitures	--	(24)	--	467
Use of money and property	83	1	888	362
Intergovernmental	--	--	--	--
Charges for services	--	--	13,176	--
Other revenues	--	--	--	--
Total Revenues	296	(23)	14,064	829
Expenditures:				
Current:				
Public protection	--	--	--	--
Public ways and facilities	--	--	--	--
Health and sanitation	--	--	--	--
Community development	--	--	--	--
Debt service				
Interest	--	--	--	--
Capital outlay	--	--	--	--
Total Expenditures	--	--	--	--
Excess (Deficiency) of Revenues Over (Under) Expenditures	296	(23)	14,064	829
Other Financing Sources (Uses):				
Transfers in	--	--	--	--
Transfers out	--	--	(45,684)	(5,647)
Total Other Financing Sources (Uses)	--	--	(45,684)	(5,647)
Net Change in Fund Balances	296	(23)	(31,620)	(4,818)
Fund Balances - Beginning of Year	8,924	--	86,834	39,667
Fund Balances - End of Year	\$ 9,220	\$ (23)	\$ 55,214	\$ 34,849

continued

COUNTY OF SUTTER

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue			
	Bioterrorism	County Service Areas	Water Agencies	Other Special Districts
Revenues:				
Taxes	\$ --	\$ 2,585,681	\$ 138,479	\$ 198,165
Licenses and permits	--	--	--	--
Fines and forfeitures	--	90	--	--
Use of money and property	2,823	20,475	20,901	18,249
Intergovernmental	67,551	663,999	5,218	854
Charges for services	--	639,826	15,378	7,934
Other revenues	--	95	--	291
Total Revenues	<u>70,374</u>	<u>3,910,166</u>	<u>179,976</u>	<u>225,493</u>
Expenditures:				
Current:				
Public protection	--	--	--	--
Public ways and facilities	--	3,221,357	159,636	199,589
Health and sanitation	--	--	--	--
Community development	--	--	--	--
Debt service				
Interest	--	5,526	--	--
Capital outlay	--	713,111	--	--
Total Expenditures	<u>--</u>	<u>3,939,994</u>	<u>159,636</u>	<u>199,589</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>70,374</u>	<u>(29,828)</u>	<u>20,340</u>	<u>25,904</u>
Other Financing Sources (Uses):				
Transfers in	--	193,987	210,000	--
Transfers out	<u>(62,314)</u>	<u>(158,632)</u>	<u>--</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>(62,314)</u>	<u>35,355</u>	<u>210,000</u>	<u>--</u>
Net Change in Fund Balances	8,060	5,527	230,340	25,904
Fund Balances - Beginning of Year	<u>291,197</u>	<u>1,286,173</u>	<u>2,160,836</u>	<u>1,924,652</u>
Fund Balances - End of Year	<u>\$ 299,257</u>	<u>\$ 1,291,700</u>	<u>\$ 2,391,176</u>	<u>\$ 1,950,556</u>

continued

COUNTY OF SUTTER

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue		
	AB109 Front Line Law	SLESF 2012-2013	DJJ Re-Entry
Revenues:			
Taxes	\$ --	\$ --	\$ --
Licenses and permits	--	--	--
Fines and forfeitures	--	--	--
Use of money and property	1,024	6,654	385
Intergovernmental	--	--	--
Charges for services	52,127	--	--
Other revenues	--	--	--
Total Revenues	53,151	6,654	385
Expenditures:			
Current:			
Public protection	--	2,687	--
Public ways and facilities	--	--	--
Health and sanitation	--	--	--
Community development	--	--	--
Debt service			
Interest	--	--	--
Capital outlay	--	--	--
Total Expenditures	--	2,687	--
Excess (Deficiency) of Revenues Over (Under) Expenditures	53,151	3,967	385
Other Financing Sources (Uses):			
Transfers in	--	484,075	177
Transfers out	--	(289,314)	--
Total Other Financing Sources (Uses)	--	194,761	177
Net Change in Fund Balances	53,151	198,728	562
Fund Balances - Beginning of Year	67,784	621,262	42,387
Fund Balances - End of Year	\$ 120,935	\$ 819,990	\$ 42,949

continued

COUNTY OF SUTTER

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue			
	Landscape District Wildwood	Family Support	Drug Medi-Cal Services	Total Special Revenue
Revenues:				
Taxes	\$ 3,125	\$ --	\$ --	\$ 4,681,229
Licenses and permits	--	--	--	322,851
Fines and forfeitures	--	--	--	400,280
Use of money and property	29	13,427	16,705	409,480
Intergovernmental	--	2,698,542	--	23,823,273
Charges for services	--	--	--	1,254,680
Other revenues	--	--	--	425,455
Total Revenues	<u>3,154</u>	<u>2,711,969</u>	<u>16,705</u>	<u>31,317,248</u>
Expenditures:				
Current:				
Public protection	--	--	--	3,162,300
Public ways and facilities	11,202	--	--	9,108,259
Health and sanitation	--	--	--	6,340,808
Community development	--	--	--	30,329
Debt service				
Interest	--	--	--	5,526
Capital outlay	--	--	--	825,066
Total Expenditures	<u>11,202</u>	<u>--</u>	<u>--</u>	<u>19,472,288</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,048)</u>	<u>2,711,969</u>	<u>16,705</u>	<u>11,844,960</u>
Other Financing Sources (Uses):				
Transfers in	--	--	1,490,729	13,880,082
Transfers out	--	(2,884,755)	(622,577)	(24,386,441)
Total Other Financing Sources (Uses)	<u>--</u>	<u>(2,884,755)</u>	<u>868,152</u>	<u>(10,506,359)</u>
Net Change in Fund Balances	(8,048)	(172,786)	884,857	1,338,601
Fund Balances - Beginning of Year	<u>8,043</u>	<u>504,638</u>	<u>1,676,604</u>	<u>44,199,986</u>
Fund Balances - End of Year	<u>\$ (5)</u>	<u>\$ 331,852</u>	<u>\$ 2,561,461</u>	<u>\$ 45,538,587</u>

continued

COUNTY OF SUTTER

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	<u>Permanent</u>	
	Live Oak Library Endowment	<u>Total</u>
Revenues:		
Taxes	\$ --	\$ 4,681,229
Licenses and permits	--	322,851
Fines and forfeitures	--	400,280
Use of money and property	13	409,493
Intergovernmental	--	23,823,273
Charges for services	--	1,254,680
Other revenues	--	425,455
Total Revenues	<u>13</u>	<u>31,317,261</u>
Expenditures:		
Current:		
Public protection	--	3,162,300
Public ways and facilities	--	9,108,259
Health and sanitation	--	6,340,808
Community development	--	30,329
Debt service		
Interest	--	5,526
Capital outlay	--	825,066
Total Expenditures	<u>--</u>	<u>19,472,288</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>13</u>	<u>11,844,973</u>
Other Financing Sources (Uses):		
Transfers in	--	13,880,082
Transfers out	--	(24,386,441)
Total Other Financing Sources (Uses)	<u>--</u>	<u>(10,506,359)</u>
Net Change in Fund Balances	13	1,338,614
Fund Balances - Beginning of Year	<u>30,000</u>	<u>44,229,986</u>
Fund Balances - End of Year	<u>\$ 30,013</u>	<u>\$ 45,568,600</u>

COUNTY OF SUTTER

Combining Statement of Net Position
Internal Service Funds
June 30, 2015

	Risk Management		Fleet Management	Information Technology	Total
	General Liability	Workers' Compensation			
Assets					
Current Assets:					
Cash and investments	\$ 78,087	\$ 69,260	\$ 696,674	\$ 1,559,104	\$ 2,403,125
Accounts receivable	--	--	7,063	2,897	9,960
Interest receivable	215	229	765	1,416	2,625
Due from other funds	--	215	94,683	184,145	279,043
Deposits with others	745,000	--	--	--	745,000
Prepaid expenses	--	--	--	153,777	153,777
Inventory	--	--	8,908	--	8,908
Total Current Assets	823,302	69,704	808,093	1,901,339	3,602,438
Noncurrent Assets:					
Capital assets:					
Depreciable, net	--	1,174	8,969	349,372	359,515
Total Noncurrent Assets	--	1,174	8,969	349,372	359,515
Total Assets	823,302	70,878	817,062	2,250,711	3,961,953
Deferred Outflows of Resources:					
Deferred pension	45,727	--	56,404	243,342	345,473
Liabilities					
Current Liabilities:					
Accounts payable	--	6,402	63,595	69,405	139,402
Salaries and benefits payable	1,990	11,242	15,641	82,425	111,298
Due to other funds	--	397	29,995	191,614	222,006
Capital lease payable	--	352	862	1,168	2,382
Compensated absences payable	--	4,216	13,668	134,004	151,888
Claims payable	720,000	--	--	--	720,000
Total Current Liabilities	721,990	22,609	123,761	478,616	1,346,976
Noncurrent Liabilities:					
Capital lease payable	--	800	1,958	2,652	5,410
Compensated absences payable	--	642	2,083	20,419	23,144
Net pension liability	446,280	--	550,478	2,374,916	3,371,674
Total Noncurrent Liabilities	446,280	1,442	554,519	2,397,987	3,400,228
Total Liabilities	1,168,270	24,051	678,280	2,876,603	4,747,204
Deferred Inflows of Resources:					
Deferred pension	57,356	--	70,747	305,225	433,328
Net Position:					
Net investment in capital assets	--	22	6,149	345,552	351,723
Unrestricted (deficit)	(356,597)	46,805	118,290	(1,033,327)	(1,224,829)
Total Net Position	\$ (356,597)	\$ 46,827	\$ 124,439	\$ (687,775)	\$ (873,106)

COUNTY OF SUTTER

Combining Statement of Revenues, Expenses and
Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2015

	Risk Management				Total
	General Liability	Workers' Compensation	Fleet Management	Information Technology	
Operating Revenues:					
Charges for services	\$ 570,144	\$ 2,343,928	\$ 1,226,418	\$2,994,251	\$ 7,134,741
Other revenue	2,475	29,825	7	6,809	39,116
Total Operating Revenues	572,619	2,373,753	1,226,425	3,001,060	7,173,857
Operating Expenses:					
Salaries and benefits	46,470	269,325	456,312	2,041,627	2,813,734
Services and supplies	659,017	2,050,232	836,112	1,232,588	4,777,949
Depreciation	--	352	4,759	116,761	121,872
Total Operating Expenses	705,487	2,319,909	1,297,183	3,390,976	7,713,555
Net Operating Income (Loss)	(132,868)	53,844	(70,758)	(389,916)	(539,698)
Non-Operating Revenues (Expenses):					
Interest income (expense)	2,994	(1,626)	4,242	9,729	15,339
Total Non-Operating Revenues and Expenses	2,994	(1,626)	4,242	9,729	15,339
Net Income (Loss) Before Transfers	(129,874)	52,218	(66,516)	(380,187)	(524,359)
Transfers in	--	--	--	5,305	5,305
Transfers out	--	--	(410)	--	(410)
Change in Net Position	(129,874)	52,218	(66,926)	(374,882)	(519,464)
Net Position - Beginning of Year	189,356	(5,391)	704,590	1,901,305	2,789,860
Prior period adjustments	(416,079)	--	(513,225)	(2,214,198)	(3,143,502)
Net Position - End of Year	\$ (356,597)	\$ 46,827	\$ 124,439	\$ (687,775)	\$ (873,106)

COUNTY OF SUTTER

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2015

	Risk Management				Total
	General Liability	Workers' Compensation	Fleet Management	Information Technology	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash receipts from customers	\$ (172,381)	\$ 2,373,753	\$ 1,230,547	\$ 3,004,088	\$ 6,436,007
Cash paid to suppliers for goods and services	(500,539)	(2,055,351)	(824,836)	(1,430,327)	(4,811,053)
Cash paid to employees	(2,650)	(273,168)	(410,189)	(1,794,686)	(2,480,693)
Net Cash Provided (Used) by Operating Activities	(675,570)	45,234	(4,478)	(220,925)	(855,739)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund loans received	--	(196)	(69,723)	(46,814)	(116,733)
Interfund loans paid	--	49	73,473	58,861	132,383
Transfers in	--	--	--	5,305	5,305
Transfers out	--	--	(410)	--	(410)
Net Cash Provided (Used) by Investing Activities	--	(147)	3,340	17,352	20,545
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal payments on capital leases	--	(351)	(859)	(1,164)	(2,374)
Payments related to the acquisition of capital assets	--	--	--	(49,803)	(49,803)
Net Cash Provided (Used) by Capital and Related Financing Activities	--	(351)	(859)	(50,967)	(52,177)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received (paid)	4,594	(1,740)	3,499	9,835	16,188
Net Cash Provided (Used) by Investing Activities	4,594	(1,740)	3,499	9,835	16,188
Net Increase (Decrease) in Cash and Cash Equivalents	(670,976)	42,996	1,502	(244,705)	(871,183)
Cash and Cash Equivalents, Beginning of Year	\$ 749,063	\$ 26,264	\$ 695,172	\$ 1,803,809	3,274,308
Cash and Cash Equivalents, End of Year	\$ 78,087	\$ 69,260	\$ 696,674	\$ 1,559,104	\$ 2,403,125
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ (132,868)	\$ 53,844	\$ (70,758)	\$ (389,916)	\$ (539,698)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	--	352	4,759	116,761	121,872
Changes in assets and liabilities:					
Decrease (increase) in:					
Accounts receivable	--	--	4,122	3,028	7,150
Deposits and prepaid expenses	(745,000)	--	--	(117,360)	(862,360)
Inventory	--	--	2,157	--	2,157
Increase (decrease) in:					
Accounts payable	(30,522)	(5,119)	9,119	(80,379)	(106,901)
Salaries and benefits payable	1,990	(3,048)	(2,646)	8,549	4,845
Compensated absences payable	--	(795)	(2,827)	15,791	12,169
Claims liability	189,000	--	--	--	189,000
Net pension liability	41,830	--	51,596	222,601	316,027
Net Cash Provided (Used) by Operating Activities	\$ (675,570)	\$ 45,234	\$ (4,478)	\$ (220,925)	\$ (855,739)