

COUNTY OF SUTTER, CALIFORNIA

ANNUAL FINANCIAL REPORT

JUNE 30, 2017

**COUNTY OF SUTTER
ANNUAL FINANCIAL REPORT
JUNE 30, 2017**

Table of Contents

	<u>Page</u>
FINANCIAL SECTION	
Independent Auditor's Report	1-2
Management's Discussion and Analysis (Required Supplemental Information)	3-10
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12-13
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	16-17
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position – Governmental Activities	18
Statement of Revenues, Expenditures, and Changes in Fund Balances	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government- Wide Statement of Activities – Governmental Activities	22
Proprietary Funds:	
Statement of Net Position	23
Statement of Revenues, Expenses, and Changes in Net Position	24
Statement of Cash Flows	25
Fiduciary Funds:	
Statement of Fiduciary Net Position	27
Statement of Changes in Fiduciary Net Position	28
Notes to Basic Financial Statements	29-69
Required Supplementary Information:	
Schedule of Changes in Net Pension Liability and Related Ratios	71
Schedule of Pension Plan Contributions	71
Schedule of Proportionate Share of the Net Pension Liability/(Asset) and Related Ratios as of the Measurement Date	72
Schedule of Pension Plan Contributions	72
Schedule of Post Employment	73
Budgetary Comparison Schedules:	
General Fund	74
Bi-County Behavioral Health	75
Welfare	76
Public Safety/Trial Courts	77
Mental Health Services Act	78
Public Safety Realignment	79
Note to Required Supplementary Information	81

**COUNTY OF SUTTER
ANNUAL FINANCIAL REPORT
JUNE 30, 2017**

Table of Contents

	<u>Page</u>
Supplementary Information:	
Combining and Individual Fund Statements and Schedules:	
Nonmajor Governmental Funds:	
Balance Sheet	83-93
Combining Statement of Revenues, Expenditures and Changes in Net Position	94-104
Internal Service Funds:	
Combining Statement of Net Position	105-106
Combining Statement of Revenues, Expenses and Changes in Net Position	107-108
Combining Statement of Cash Flows	109

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 (County), California, as of and for the year ended June 30, 2017, 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 Audit Standards*, issued by Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Supplementary Information listed in the Table of Contents is 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 29, 2018 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Sutter's internal control over financial reporting and compliance.

Maze + Associates

Pleasant Hill, California
March 29, 2018

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



COUNTY OF SUTTER

Management's Discussion and Analysis For the Year Ended June 30, 2017

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, 2017.

Financial Highlights

- The assets of the county exceeded its liabilities at the close of the fiscal year by \$50,441,723 (total net position). Of this amount, \$97,488,693 is restricted for specific purposes (restricted net position), and \$70,669,619 is net investment in capital assets. The negative balance in unrestricted net position of <\$117,716,589> increased from prior year by <\$15,133,360>. The negative balance is due primarily to the recognition of the county's unfunded pension liability pursuant to the Governmental Accounting Standards Board (GASB) Statement 68 and associated increase in the liability from the prior year.
- The county's total net position increased by \$1,167,376.
- As of June 30, 2017, the county's governmental funds reported combined fund balances of \$97,488,658, an increase of \$1,631,014 over the prior year. This increase in fund balance was attributable to revenues exceeding expenditures. Approximately 95% of the combined fund balances, \$93,063,839 is available to meet the county's current and future needs (spendable fund balance). Of the spendable fund balance, \$71,418,026 or approximately 73% is restricted by law for specific purposes. The Board of Supervisors has committed and assigned \$17,212,008 or approximately 18% for specific purposes. At the end of the fiscal year, spendable fund balance for the general fund was \$23,777,178 or approximately 92% 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 required 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, 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 activity of the county includes Water Works District No. 1.

COUNTY OF SUTTER

Management's Discussion and Analysis For the Year Ended June 30, 2017

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 behavioral health fund, welfare fund, public safety/trial courts fund, mental health services act fund, public safety realignment fund, and local health and welfare social services 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.

COUNTY OF SUTTER

Management's Discussion and Analysis For the Year Ended June 30, 2017

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

	Governmental Activities		Business-Type Activities		Total		Total	
	2017	2016	2017	2016	2017	2016	Dollar Change 2016 to 2017	% Change 2016 to 2017
	Current and other assets	\$ 123,038,888	\$ 126,371,238	\$ 177,469	\$ 177,453	\$ 123,216,357	\$ 126,548,691	\$ (3,332,334)
Capital assets	77,433,272	76,639,056	2,166,536	2,327,056	79,599,808	78,966,112	633,696	0.01
Total Assets	200,472,160	203,010,294	2,344,005	2,504,509	202,816,165	205,514,803	(2,698,638)	(0.01)
Deferred outflows of resources								
Deferred pension	42,730,248	12,816,228	--	--	42,730,248	12,816,228	29,914,020	2.33
Current and other liabilities	13,648,542	16,250,947	5,228	10,977	13,653,770	16,261,924	(2,608,154)	(0.16)
Long term liabilities	161,360,306	140,812,491	49,395	58,152	161,409,701	140,870,643	20,539,058	0.15
Total Liabilities	175,008,848	157,063,438	54,623	69,129	175,063,471	157,132,567	17,930,904	0.11
Deferred inflows of resources								
Deferred pension	20,041,219	11,924,117	--	--	20,041,219	11,924,117	8,117,102	0.68
Net investment in capital assets	68,552,478	69,203,295	2,117,141	2,268,904	70,669,619	71,472,199	(802,580)	(0.01)
Restricted	97,488,693	80,385,377	--	--	97,488,693	80,385,377	17,103,316	0.21
Unrestricted	(117,888,830)	(102,749,705)	172,241	166,476	(117,716,589)	(102,583,229)	(15,133,360)	0.15
Total Net Position	48,152,341	46,838,967	2,289,382	2,435,380	50,441,723	49,274,347	1,167,376	0.02

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 \$50,441,723 at the close of the most recent fiscal year.

The largest portion of the County's net position, \$97,488,693 (a 21.28% increase), represents resources that are subject to external restrictions on how they may be used. Another significant portion of the county's net position, \$70,669,619, 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.

COUNTY OF SUTTER

Management's Discussion and Analysis For the Year Ended June 30, 2017

As previously discussed, the remaining balance of total net position is negative unrestricted balance of $\$ <117,716,589 >$ 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	% Change
	2017	2016	2017	2016	2017	2016	2016 to 2017	2016 to 2017
Program revenues:								
Fees, fines & charges for services	\$ 20,418,811	\$ 10,417,138	\$ 260,559	\$ 214,926	\$ 20,679,370	\$ 10,632,064	\$ 10,047,306	0.95
Operating grants	\$ 104,188,179	\$ 105,395,278	\$ 57,932	\$ 47,624	\$ 104,246,111	\$ 105,442,902	\$ (1,196,791)	(0.01)
Capital grants	\$ --	\$ 193,785	\$ --	\$ 61,575	\$ --	\$ 255,360	\$ (255,360)	(1.00)
General revenues:								
Property taxes	\$ 29,921,002	\$ 28,257,189	\$ --	\$ --	\$ 29,921,002	\$ 28,257,189	\$ 1,663,813	0.06
Property taxes in lieu of sales taxes	\$ --	\$ 663,536	\$ --	\$ --	\$ --	\$ 663,536	\$ (663,536)	(1.00)
Franchise taxes	\$ 1,012,761	\$ 1,296,155	\$ --	\$ --	\$ 1,012,761	\$ 1,296,155	\$ (283,394)	(0.22)
Sales and use taxes	\$ 2,844,681	\$ 3,240,690	\$ --	\$ --	\$ 2,844,681	\$ 3,240,690	\$ (396,009)	(0.12)
Transportation taxes	\$ 733,791	\$ 1,059,522	\$ --	\$ --	\$ 733,791	\$ 1,059,522	\$ (325,731)	(0.31)
Transfer taxes	\$ 368,193	\$ 342,223	\$ --	\$ --	\$ 368,193	\$ 342,223	\$ 25,970	0.08
Other	\$ 351,327	\$ 304,392	\$ --	\$ --	\$ 351,327	\$ 304,392	\$ 46,935	0.15
Unrestricted interest and investment earnings	\$ 817,404	\$ 2,009,566	\$ 2,263	\$ 3,500	\$ 819,667	\$ 2,013,066	\$ (1,193,399)	(0.59)
Tobacco settlement	\$ 839,829	\$ 816,556	\$ --	\$ --	\$ 839,829	\$ 816,556	\$ 23,273	0.03
Miscellaneous	\$ 1,239,122	\$ 957,470	\$ --	\$ --	\$ 1,239,122	\$ 957,470	\$ 281,652	0.29
Transfers	\$ 13,884	\$ (1,281,128)	\$ (13,884)	\$ 1,281,128	\$ --	\$ --	\$ --	N/A
Total Revenues	162,748,984	153,672,372	306,870	1,608,753	163,055,854	155,281,125	7,774,729	0.05
Expenses:								
General government	16,903,371	12,471,524	--	--	16,903,371	12,471,524	4,431,847	0.36
Public protection	44,710,643	44,724,272	--	--	44,710,643	44,724,272	(13,629)	(0.00)
Public ways and facilities	12,013,466	12,155,851	--	--	12,013,466	12,155,851	(142,385)	(0.01)
Health and sanitation	42,211,937	42,334,223	--	--	42,211,937	42,334,223	(122,286)	(0.00)
Public assistance	43,204,478	40,729,505	--	--	43,204,478	40,729,505	2,474,973	0.06
Education	1,582,023	1,635,440	--	--	1,582,023	1,635,440	(53,417)	(0.03)
Recreation and culture	759,553	741,375	--	--	759,553	741,375	18,178	0.02
Community development	--	11,576	--	--	--	11,576	(11,576)	(1.00)
Interest on long-term debt	50,139	349,588	--	--	50,139	349,588	(299,449)	(0.86)
Water Works District No. 1	--	--	452,868	508,039	452,868	508,039	(55,171)	(0.11)
Total Expenses	161,435,610	155,153,354	452,868	508,039	161,888,478	155,661,393	6,227,085	0.04
Change in Net Position	1,313,374	(1,480,982)	(145,998)	1,100,714	1,167,376	(380,268)	1,547,644	(4.07)
Net Position, beginning	46,838,967	48,319,949	2,435,380	1,334,666	49,274,347	49,654,615	(380,268)	(0.01)
Net Position, ending	\$ 48,152,341	\$ 46,838,967	\$ 2,289,382	\$ 2,435,380	\$ 50,441,723	\$ 49,274,347	\$ 1,167,376	0.02

Significant Program revenue changes this year include:

- Program revenue increase in fees, fines & charges for services of \$10,047,306 (94.50% increase). Generally, these are monies received from the public and are used by the department that collected them. The increase observed was due in part to better accounting of transfers vs. revenues as well as an uptick in overall revenue collected.
- Program revenue decrease in operating grants of $\$ <1,196,791 >$ (1.14% decrease). These are received according to state and federal requirements, i.e. discretionary use of these funds is limited.

COUNTY OF SUTTER

Management's Discussion and Analysis For the Year Ended June 30, 2017

Significant General revenue changes this year include:

- General revenue decrease in unrestricted interest and investment earnings of <\$1,193,399> (59.28% decrease). Investment earnings vary year to year and are based on the market yield of assets held for investment by the Treasurer-Tax Collector. The timing of sales of fixed-income investments also has a significant impact on investment earnings with the realization of gains or losses therefrom.
- General revenue decrease in sales and use taxes of <\$396,009> (12.22% decrease). The percentage decrease is notable, indicating economic activity cooled slightly during the fiscal year.
- General revenue decrease in transportation taxes of <\$325,731> (30.74% decrease). The percentage decrease is notable, indicating either an economic slowdown in terms of miles driven or sustained reduction in gasoline prices.
- General revenue increases in miscellaneous of \$91,653 (9.57% increase) and revenue increases in Other of \$46,935 (15.42% increase). 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 <\$55,102> (10.85% decrease) is a positive development from the prior year which had seen a precipitous increase in overall operating expenses.

The increase in General Government expenses of \$4,347,999 (34.86% increase) was a negative outcome when compared to the 5.3% growth in property tax revenue, largely because of hiring from long frozen positions. Additionally, advancements in how we account for expenditures vs. transfers have been made.

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, 2017, the county's governmental funds reported combined fund balances of \$97,488,658, an increase of \$1,631,014 in comparison with the prior year. Of these combined fund balances, \$93,086,532 constitutes spendable fund balance of the general, special revenue and capital projects funds, of which \$1,450,198 is assigned and \$16,474,352 is committed for specific purposes. Unassigned fund balance is \$5,195,910. 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 \$150,971; 2) as a reserve for long-term receivables, \$4,221,293; with the remaining balance of permanent funds of \$29,862.

The general fund is the chief operating fund of the County. At June 30, 2017, spendable fund balance was \$23,777,178 while total fund balance reached \$25,604,265. 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

COUNTY OF SUTTER

Management's Discussion and Analysis
For the Year Ended June 30, 2017

balance represents 92% of total general fund expenditures, while the total fund balance represents 100% of total general fund expenditures.

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 \$23,777,178 general fund spendable fund balance, all is available for appropriation.

The county has six other major governmental funds. The bi-county behavioral health fund has a total fund balance of <\$3,225,213>, the welfare fund has a total fund balance of <\$1,897,252>, the public safety/trial courts fund has a total fund balance of \$252,975, the mental health services act fund has a total fund balance of \$12,081,094, and the public safety realignment fund has a total fund balance of \$11,206,562 at the end of the year. The other governmental funds' fund balances increased \$3,758,514 to \$53,466,227. The six major governmental funds had changes in fund balances as follows: Bi-county behavioral health <\$2,553,263>, welfare <\$1,942,766> public safety/trial courts \$142,055, mental health services act \$1,450,664, and public safety realignment \$2,092,864.

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 \$2,289,382, a decrease of \$145,998, due primarily to depreciation.

The net position of the internal services funds decreased from <\$1,105,913> to <\$1,732,484>.

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 administrator's 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	\$ 54,436,328	\$ 59,520,405	\$ 5,084,077	9.34%
Total expenditures	(33,027,173)	(39,488,573)	(6,461,400)	19.56%
Other financing sources (uses)	(26,916,160)	(23,968,960)	2,947,200	-10.95%
Net change in fund balances	<u>\$ (5,507,005)</u>	<u>\$ (3,937,128)</u>	<u>\$ 1,569,877</u>	-28.51%

COUNTY OF SUTTER

Management's Discussion and Analysis
For the Year Ended June 30, 2017

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

General Fund	Final Budget	Actual	Variance	
			Amount	Percent
Total revenues	\$ 59,520,405	\$ 47,613,765	\$(11,906,640)	-20.00%
Total expenditures	(39,488,573)	\$(25,715,297)	13,773,276	-34.88%
Other financing sources (uses)	(23,968,960)	\$(23,215,522)	753,438	-3.14%
Net change in fund balances	<u>\$ (3,937,128)</u>	<u>\$ (1,317,054)</u>	<u>\$ 2,620,074</u>	-66.55%

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, 2017, was \$79,599,808 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, and bridges. Net additions, retirements and adjustments to capital assets were \$4,553,073 and net additions to accumulated depreciation were \$3,919,377, a decrease of <\$135,016> from June 30, 2016.

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 \$161,409,701, an increase of \$20,539,058 from June 30, 2016. The increase is almost entirely due to the increase in net pension liability of \$20,034,956.

See Note 7, Note 9 and Required Supplementary Information 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 a sustained local economic recovery is witnessed and the county's unfunded pension liabilities are reduced.

The county population as of July 1, 2017, was approximately 96,648¹, a 2.02% increase from the population of 94,737 on July 1, 2016.

The annual unemployment rate for Sutter County in June 2017 was 8.2%².

¹ Source: US Census Bureau
² Source: Employment Development Department

COUNTY OF SUTTER

Management's Discussion and Analysis For the Year Ended June 30, 2017

Total taxable sales, adjusted for inflation, are expected to increase 1.7% per year between 2017 and 2022, an increase from \$1.74 billion to \$2.17 billion over the five-year period.³

Total assessed property valuation for FY 2015-16 was \$8.13 billion. In FY 2016-17, that figure increased by approximately 5.3% to \$8.56 billion.⁴

The unemployment rate is expected to remain steady and it is expected that sales and property taxes will 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 2017: California County-Level Economic Forecast, 2017-2050
http://www.dot.ca.gov/hq/tpp/offices/eab/socio_economic_files/2017/FullReport2017.pdf

⁴ Source: Sutter County Auditor-Controller's Office

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS**



COUNTY OF SUTTER

Statement of Net Position
June 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and investments	\$ 96,696,677	\$ 142,284	\$ 96,838,961
Cash with fiscal agent	937,237	--	937,237
Accounts receivable	2,218,876	34,313	2,253,189
Due from other governments	25,215,333	--	25,215,333
less allowance for doubtful accounts	(5,105,270)	--	(5,105,270)
Taxes receivable	1,069,094	--	1,069,094
Interest receivable	430,976	872	431,848
Prepaid expenses	81,385	--	81,385
Inventories	82,346	--	82,346
Loans receivable	2,746,964	--	2,746,964
less allowance for doubtful accounts	(1,334,730)	--	(1,334,730)
Capital assets:			
Nondepreciable	11,090,690	488,526	11,579,216
Depreciable, net	66,342,582	1,678,010	68,020,592
Total Assets	<u>200,472,160</u>	<u>2,344,005</u>	<u>202,816,165</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension	<u>42,730,248</u>	<u>--</u>	<u>42,730,248</u>
LIABILITIES			
Accounts payable	4,640,604	3,757	4,644,361
Salaries and benefits payable	1,833,198	--	1,833,198
Interest payable	105,640	--	105,640
Deposits from others	1,623,938	--	1,623,938
Unearned revenue	5,445,162	1,471	5,446,633
Long-Term Liabilities:			--
Due within one year	7,074,196	9,024	7,083,220
Due in more than one year	8,588,644	40,371	8,629,015
Liability for post-employment benefits	8,802,078	--	8,802,078
Net pension liability	136,895,388	--	136,895,388
Total Liabilities	<u>175,008,848</u>	<u>54,623</u>	<u>175,063,471</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension	<u>20,041,219</u>	<u>--</u>	<u>20,041,219</u>
NET POSITION			
Net investment in capital assets	68,552,478	2,117,141	70,669,619
Restricted for:			
General government	33,611,759	--	33,611,759
Public protection	18,004,320	--	18,004,320
Public ways and facilities	16,610,054	--	16,610,054
Health and social services	14,189,287	--	14,189,287
Community development	14,067,951	--	14,067,951
Other	1,005,322	--	1,005,322
Unrestricted	(117,888,830)	172,241	(117,716,589)
Total Net Position	<u>\$ 48,152,341</u>	<u>\$ 2,289,382</u>	<u>\$ 50,441,723</u>

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

COUNTY OF SUTTER

Statement of Activities
For the Year Ended June 30, 2017

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	\$ 16,903,371	\$ 8,198,652	\$ 2,214,190	\$ --
Public protection	44,710,643	5,885,300	19,569,159	--
Public ways and facilities	12,013,466	1,003,240	4,771,553	--
Health and sanitation	42,211,937	5,213,360	43,944,559	--
Public assistance	43,204,478	55,720	33,311,200	--
Education	1,582,023	54,196	377,518	--
Recreation and culture	759,553	8,343		--
Interest on long-term debt	50,139	--	--	--
Total Governmental Activities	<u>161,435,610</u>	<u>20,418,811</u>	<u>104,188,179</u>	<u>--</u>
Business-Type Activities:				
Waterworks District #1	<u>452,868</u>	<u>260,559</u>	<u>57,932</u>	<u>--</u>
Total Business-type Activities	<u>452,868</u>	<u>260,559</u>	<u>57,932</u>	<u>--</u>
 Total Primary Government	 <u>\$ 161,888,478</u>	 <u>\$ 20,679,370</u>	 <u>\$ 104,246,111</u>	 <u>\$ --</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

Transfers

Total General Revenues

Change in Net Position

Net Position - Beginning of Year

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
\$ (6,490,529)	\$ --	\$ (6,490,529)
(19,256,184)	--	(19,256,184)
(6,238,673)	--	(6,238,673)
6,945,982	--	6,945,982
(9,837,558)	--	(9,837,558)
(1,150,309)	--	(1,150,309)
(751,210)	--	(751,210)
(50,139)	--	(50,139)
<u>(36,828,620)</u>	<u>--</u>	<u>(36,828,620)</u>
--	<u>(134,377)</u>	<u>(134,377)</u>
--	<u>(134,377)</u>	<u>(134,377)</u>
<u>(36,828,620)</u>	<u>(134,377)</u>	<u>(36,962,997)</u>
29,921,002	--	29,921,002
--	--	--
1,012,761	--	1,012,761
2,844,681	--	2,844,681
733,791	--	733,791
368,193	--	368,193
351,327	--	351,327
817,404	2,263	819,667
839,829	--	839,829
1,239,122	--	1,239,122
13,884	<u>(13,884)</u>	<u>--</u>
<u>38,141,994</u>	<u>(11,621)</u>	<u>38,130,373</u>
1,313,374	(145,998)	1,167,376
<u>46,838,967</u>	<u>2,435,380</u>	<u>49,274,347</u>
<u>\$ 48,152,341</u>	<u>\$ 2,289,382</u>	<u>\$ 50,441,723</u>

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





COUNTY OF SUTTER

Governmental Funds
Balance Sheet
June 30, 2017

	General	Bi-County Mental Health	Welfare	Public Safety/ Trial Courts	Mental Health Services Act
Assets					
Cash and investments	\$ 16,103,448	\$ -	\$ -	\$ -	\$ 9,946,785
Cash with fiscal agent	11,410	--	--	--	500
Accounts receivable	215,820	1,051,871	69,789	145,803	542,916
Due from other governments	912,917	11,092,006	2,317,714	805,996	2,550,853
less allowance for doubtful accounts	--	(4,074,247)	--	--	(1,031,023)
Interest receivable	194,116	299	794	205	38,371
Taxes receivable	1,027,810	--	--	6,302	--
Due from other funds	8,667,836	2,185,594	4,077,484	3,399,994	164,298
Prepaid expenses and deposits	--	198	44,890	30,054	4,743
Inventory	--	--	--	--	--
Advances to other funds	2,200,060	--	--	--	2,225,467
Loans receivable	252,220	--	--	--	874,458
less allowance for doubtful accounts	--	--	--	--	--
Total Assets	<u>\$ 29,585,637</u>	<u>\$ 10,255,721</u>	<u>\$ 6,510,671</u>	<u>\$ 4,388,354</u>	<u>\$ 15,317,368</u>
Liabilities					
Accounts payable	\$ 440,075	\$ 1,877,099	\$ (38,993)	\$ (161,143)	\$ 123,459
Salaries and benefits payable	336,940	279,374	332,389	468,287	128,898
Deposits from others	1,535,253	--	--	3,204	--
Due to other funds	918,052	2,284,227	3,328,542	3,822,081	597,898
Advances from other funds	--	3,222,672	--	--	--
Unearned revenue	9,030	--	3,499,036	2,950	1,771,755
Total Liabilities	<u>3,239,350</u>	<u>7,663,372</u>	<u>7,120,974</u>	<u>4,135,379</u>	<u>2,622,010</u>
Deferred Inflows of Resources					
Unavailable revenue	<u>742,022</u>	<u>5,817,562</u>	<u>1,286,949</u>	<u>--</u>	<u>614,264</u>
Fund Balances					
Nonspendable	1,827,087	198	44,890	30,054	2,230,210
Restricted	19,690	--	--	115,353	11,395,109
Committed	11,937,680	--	--	147,251	--
Assigned	736,609	--	--	--	--
Unassigned	11,083,199	(3,225,411)	(1,942,142)	(39,683)	(1,544,225)
Total Fund Balances	<u>25,604,265</u>	<u>(3,225,213)</u>	<u>(1,897,252)</u>	<u>252,975</u>	<u>12,081,094</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 29,585,637</u>	<u>\$ 10,255,721</u>	<u>\$ 6,510,671</u>	<u>\$ 4,388,354</u>	<u>\$ 15,317,368</u>

The accompanying notes are an integral part of these financial statements

Public Safety Realignment	Other Governmental	Total	
\$ 12,104,477	\$ 56,788,729	\$ 94,943,439	Assets
--	180,327	192,237	Cash and investments
--	189,763	2,215,962	Cash with fiscal agent
3,597,225	3,938,622	25,215,333	Accounts receivable
--	--	(5,105,270)	Due from other governments
41,606	142,443	417,834	less allowance for doubtful accounts
--	34,982	1,069,094	Interest receivable
301,346	1,202,235	19,998,787	Taxes receivable
--	1,500	81,385	Due from other funds
--	69,586	69,586	Prepaid expenses and deposits
--	--	4,425,527	Inventory
114,612	1,505,674	2,746,964	Advances to other funds
--	(1,334,730)	(1,334,730)	Loans receivable
<u>\$ 16,159,266</u>	<u>\$ 62,719,131</u>	<u>144,936,148</u>	less allowance for doubtful accounts
			Total Assets
			Liabilities
\$ 1,833,155	\$ 488,570	\$ 4,562,222	Accounts payable
--	228,660	1,774,548	Salaries and benefits payable
--	85,481	1,623,938	Deposits from others
2,726,406	6,167,975	19,845,181	Due to other funds
--	1,202,855	4,425,527	Advances from other funds
--	162,391	5,445,162	Unearned revenue
<u>4,559,561</u>	<u>8,335,932</u>	<u>37,676,578</u>	Total Liabilities
			Deferred Inflows of Resources
393,143	916,972	9,770,912	Unavailable revenue
			Fund Balances
--	292,380	4,424,819	Nonspendable
11,104,372	48,783,502	71,418,026	Restricted
--	4,389,421	16,474,352	Committed
--	1,047	737,656	Assigned
102,190	(123)	4,433,805	Unassigned
<u>11,206,562</u>	<u>53,466,227</u>	<u>97,488,658</u>	Total Fund Balances
<u>\$ 16,159,266</u>	<u>\$ 62,719,131</u>	<u>\$ 144,936,148</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, 2017

Fund Balance - total governmental funds		\$ 97,488,658
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.		42,357,630
Deferred pension inflows of resources in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		(19,586,119)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheets.		76,749,644
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.		9,770,912
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.		(105,640)
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	(561,069)	
Capital lease	(8,206,293)	
Compensated absences	(5,940,288)	
OPEB liability	(8,802,078)	
Net pension liability	<u>(133,280,532)</u>	
		(156,790,260)
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>(1,732,484)</u>
Net position of governmental activities		<u><u>\$ 48,152,341</u></u>

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



COUNTY OF SUTTER

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	General	Bi-County Mental Health	Welfare	Public Safety/ Trial Courts	Mental Health Services Act
Revenues:					
Taxes	\$ 30,009,007	\$ --	\$ --	\$ 16,249	\$ --
Licenses and permits	1,799,624	--	--	16,757	--
Fines, forfeitures and penalties	84,343	--	--	510,644	--
Use of money and property	466,822	24,169	627	4,635	91,943
Intergovernmental	4,063,381	7,947,172	25,741,010	2,115,262	10,101,761
Charges for services	10,019,126	1,218,353	--	1,112,025	74,436
Miscellaneous revenues	1,171,462	72,920	(20,504)	90,523	7,068
Total Revenues	47,613,765	9,262,614	25,721,133	3,866,095	10,275,208
Expenditures:					
Current:					
General government	15,320,393	--	--	--	--
Public protection	6,986,646	--	--	35,003,879	--
Public ways and facilities	233,801	--	--	--	--
Health and sanitation	--	24,974,328	--	--	8,282,433
Public assistance	54,968	--	42,919,641	--	--
Education	1,571,950	--	--	--	--
Recreation and culture	743,785	--	--	--	--
Community development	--	--	--	--	--
Debt Service:					
Principal	--	--	--	--	--
Interest	--	51,670	--	--	--
Capital outlay	803,754	77,052	136,017	1,280,043	58,574
Total Expenditures	25,715,297	25,103,050	43,055,658	36,283,922	8,341,007
Excess (Deficiency) of Revenues Over (Under) Expenditures	21,898,468	(15,840,436)	(17,334,525)	(32,417,827)	1,934,201
Other Financing Sources (Uses):					
Proceeds on sale of capital assets	25,940	2,326	14,757	8,261	486
Transfers in	5,152,336	13,520,723	15,817,168	32,756,411	1,114,821
Transfers out	(28,393,798)	(235,876)	(440,166)	(204,790)	(1,598,844)
Total Other Financing Sources (Uses)	(23,215,522)	13,287,173	15,391,759	32,559,882	(483,537)
Net Changes in Fund Balances	(1,317,054)	(2,553,263)	(1,942,766)	142,055	1,450,664
Fund Balances, Beginning of Year	26,921,319	(671,950)	45,514	110,920	10,630,430
Fund Balances, End of Year	\$ 25,604,265	\$ (3,225,213)	\$ (1,897,252)	\$ 252,975	\$ 12,081,094

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

Public Safety Realignment	Other Governmental	Total	
\$ --	\$ 4,193,738	\$ 34,218,994	Revenues:
--	186,752	2,003,133	Taxes
--	286,624	881,611	Licenses and permits
51,422	159,972	799,590	Fines, forfeitures and penalties
27,879,991	27,869,966	105,718,543	Use of money and property
1,312,636	4,894,100	18,630,676	Intergovernmental
--	567,483	1,888,952	Charges for services
29,244,049	38,158,635	164,141,499	Other revenues
			Total Revenues
			Expenditures:
			Current:
--	1,223,707	16,544,100	General government
15,570	3,201,668	45,207,763	Public protection
--	8,956,608	9,190,409	Public ways and facilities
--	8,568,324	41,825,085	Health and sanitation
6,767	3,094	42,984,470	Public assistance
--	258	1,572,208	Education
--	1,000	744,785	Recreation and culture
--	--	--	Community development
--	83,848	83,848	Debt Service
217	6,377	58,264	Principal
--	2,079,442	4,434,882	Interest
22,554	24,124,326	162,645,814	Capital outlay
			Total Expenditures
29,221,495	14,034,309	1,495,685	Excess (Deficiency) of Revenues Over (Under) Expenditures
			Other Financing Sources (Uses):
--	54,381	106,151	Transfers in
--	15,484,953	83,846,412	Transfers out
(27,128,631)	(25,815,129)	(83,817,234)	Total Other Financing Sources (Uses)
(27,128,631)	(10,275,795)	135,329	
2,092,864	3,758,514	1,631,014	Net Changes in Fund Balances
9,113,698	49,707,713	95,857,644	Fund Balances, Beginning of Year
\$ 11,206,562	\$ 53,466,227	\$ 97,488,658	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, 2017

Net change to fund balance - total governmental funds \$ 1,631,014

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.

The capital outlay expenditures are therefore added back to fund balance	\$ 5,582,420	
Net retirements are deducted from fund balance	(404,894)	
Less: current year depreciation	<u>(4,629,621)</u>	547,905

Revenues in the statement of activities that do not provide current
financial resources are not reported as revenues in the governmental funds. (1,530,364)

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:

Capital leases	<u>602,641</u>	602,641
----------------	----------------	---------

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		(314,088)
Change in OPEB liability		(765,432)
Change in net pension liability and deferred pension inflows/outflows		1,768,269

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.

(626,571)

Change in net position of governmental activities \$ 1,313,374

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

COUNTY OF SUTTER

Statement of Net Position
Proprietary Funds
June 30, 2017

	Business-Type Activities <u>Enterprise Fund</u> Waterworks District No. 1	Governmental Activities <u>Internal Service Funds</u>
ASSETS		
Current Assets:		
Cash and investments	\$ 142,284	\$ 1,753,238
Cash with fiscal agent	--	745,000
Accounts receivable	34,313	2,914
Interest receivable	872	13,142
Taxes receivable	--	--
Due from other funds	--	2,197
Deposits with others	--	--
Prepaid expenses	--	--
Inventory	--	12,760
Total Current Assets	<u>177,469</u>	<u>2,529,251</u>
Noncurrent Assets:		
Capital assets:		
Non-depreciable	488,526	84,935
Depreciable, net	1,678,010	598,693
Total Noncurrent Assets	<u>2,166,536</u>	<u>683,628</u>
Total Assets	<u>2,344,005</u>	<u>3,212,879</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension	--	<u>372,618</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	3,757	78,382
Salaries and benefits payable	--	58,650
Capital lease	--	2,382
Compensated absences	--	210,469
Loan payable	9,024	--
Claims payable	--	720,000
Due to other funds	--	155,803
Unearned revenue	1,471	--
Total Current Liabilities	<u>14,252</u>	<u>1,225,686</u>
Noncurrent Liabilities:		
Capital lease	--	5,410
Compensated absences	--	16,929
Loan payable	40,371	--
Net pension liability	--	3,614,856
Total Noncurrent Liabilities	<u>40,371</u>	<u>3,637,195</u>
Total Liabilities	<u>54,623</u>	<u>4,862,881</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred pension	--	<u>455,100</u>
NET POSITION		
Net investment in capital assets	2,117,141	675,836
Unrestricted	172,241	(2,408,320)
Total Net Position	<u>\$ 2,289,382</u>	<u>\$ (1,732,484)</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, 2017

	Business-Type Activities Enterprise Fund	Governmental Activities
	Waterworks District No. 1	Internal Service Funds
Operating Revenues:		
Charges for services	\$ 260,559	\$ 7,324,968
Other revenues	--	559,085
Total Operating Revenues	260,559	7,884,053
Operating Expenses:		
Salaries and benefits	--	2,574,286
Services and supplies	292,184	5,771,525
Depreciation	160,520	164,576
Total Operating Expenses	452,704	8,510,387
Operating Income (Loss)	(192,145)	(626,334)
Non-Operating Revenue (Expenses):		
Investment income (expense)	2,263	(17,814)
Grants	57,932	1,018
Interest expense	(164)	--
Miscellaneous	--	31,853
Total Non-Operating Revenue (Expenses)	60,031	15,057
Net Income (Loss) Before Capital Contributions and Transfers	(132,114)	(611,277)
Transfers in	--	--
Transfers out	(13,884)	(15,294)
Change in Net Position	(145,998)	(626,571)
Net Position - Beginning of Year	2,435,380	(1,105,913)
Net Position - End of Year	\$ 2,289,382	\$ (1,732,484)

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, 2017

	Business-Type Activities	Governmental Activities
	<u>Enterprise Fund</u>	
	Waterworks	Internal
	District No. 1	Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from customers	\$ 237,516	\$ 8,212,461
Cash paid to suppliers for goods and services	(297,933)	(5,909,116)
Cash paid to employees for services	--	(2,618,174)
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	(60,417)	(314,829)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating grants	57,932	--
Interfund loans received	--	122,728
Interfund loans paid	(73,841)	(162,888)
Transfers in	--	75,091
Transfers out	(13,884)	(15,294)
Miscellaneous revenue	--	32,871
	<hr/>	<hr/>
Net Cash Provided (Used) by Noncapital Financing Activities	(29,793)	52,508
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital contributions		--
Payments related to the acquisition of capital assets	--	(410,887)
Payment of long-term debt	(8,757)	--
Interest payments	(262)	--
	<hr/>	<hr/>
Net Cash Provided (Used) by Capital and Related Financing Activities	(9,019)	(410,887)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received (paid)	2,263	(29,180)
Net Cash Provided (Used) by Investing Activities	2,263	(29,180)
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	(96,966)	(702,388)
Cash and Cash Equivalents, Beginning of Year	239,250	3,200,626
	<hr/>	<hr/>
Cash and Cash Equivalents, End of Year	\$ 142,284	\$ 2,498,238
	<hr/>	<hr/>

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, 2017

	Business-Type Activities	Governmental Activities
	Enterprise Fund	Internal Service Funds
	Waterworks District No. 1	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ (192,145)	\$ (626,334)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	160,520	164,576
Changes in assets, liabilities and deferred inflows/outflows:		
(Increase) decrease in:		
Accounts receivable	(23,043)	2,044
Deposits and prepaid expenses	--	326,364
Inventory	--	(1,499)
Increase (decrease) in:		
Accounts payable	(2,552)	(136,092)
Salaries and benefits payable	--	(78,282)
Compensated absences payable	--	27,855
Claims payable	--	--
Net pension liability	--	6,539
Unearned revenue	(3,197)	--
	<u>\$ (60,417)</u>	<u>\$ (314,829)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (60,417)</u>	<u>\$ (314,829)</u>

See accompanying notes to financial statements

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

COUNTY OF SUTTER

Statement of Fiduciary Net Position
June 30, 2017

	Private-Purpose Trust Funds	Investment Trust Fund	Agency Funds
Assets			
Cash and investments	\$ 41,894	\$ 143,668,859	\$ 9,255,905
Accounts receivable	--	15,075	890,226
Prepays	--	52,524	1,276
Interest receivable	61	526,353	153,423
Taxes receivable	--	598,333	8,482,326
	<u>41,955</u>	<u>144,861,144</u>	<u>18,783,156</u>
Liabilities			
Accounts payable	--	661,865	9,602,808
Accrued salaries and benefits	--	82,961	343,313
Due to other funds	--	--	--
Unearned revenues	--	157,335	477
Agency funds held for others	--	--	8,836,558
	<u>--</u>	<u>726,208</u>	<u>18,783,156</u>
Net position			
Held in trust for pool participants	<u>41,955</u>	<u>144,134,936</u>	
Total Net Position	<u>\$ 41,955</u>	<u>\$ 144,134,936</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, 2017

	Private-Purpose Trust Funds	Investment Trust Funds
Additions		
Contributions to pooled investments	\$ 1,723	\$ 24,293,789
Interest and Investment income	337	2,779,964
Total Additions	2,060	27,073,753
Deductions		
Distributions from pooled investments	1,945	21,954,084
Total Deductions	1,945	21,954,084
Change in net position	115	5,119,669
Net Position - Beginning of Year	41,840	139,015,267
Net Position - End of Year	\$ 41,955	\$ 144,134,936

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

NOTES TO THE FINANCIAL STATEMENTS



COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2017

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 units' 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, 2017

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 Behavioral 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, 2017

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 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, employee wellness, 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, 2017

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, 2017

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, 2017, 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, 2017

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, 2017

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 revenue.

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, 2017

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, 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 in the government-wide statements. The current portion of this liability 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, 2017

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, 2017

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 \$584,822 at June 30, 2017. 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, 2017

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. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2017

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

U. 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.

V. New Accounting Pronouncements

GASB Statement No. 82 – *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73* The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Gann Spending Limitation

Under Article XIII B 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, 2017 were \$201,780,208. The proceeds of tax for the year ended June 30, 2017 were \$34,218,994. Therefore, the proceeds of tax were \$167,561,214 less than, or 17.0% of, the appropriations limit.

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 2: **STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY** (continued)

Fund Balance/Net Position Deficit

The following funds had deficit fund balances at June 30, 2017:

	<u>Deficit Amount</u>
Bi-County Mental Health Special Revenue Fund	\$ 3,225,213
Welfare Special Revenue Fund	1,897,252
Candidates Statement of Elections Special Revenue	42
General Debt Service Fund	76
General Liability Internal Service Fund	391,113
Fleet Management Internal Service Fund	289,764
Information Technology Internal Service Fund	1,055,675
Employee Wellness Internal Service Fund	2,857

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

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.

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2017

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

At June 30, 2017, total County cash and investments were as follows:

Cash on hand	\$ 3,775
Deposits	9,240,658
Outstanding warrants	<u>(15,303,543)</u>
Total cash	<u>(6,059,110)</u>
 <i>Investments:</i>	
Investment pool	253,889,737
External to investment pool	<u>2,912,229</u>
Total investments	256,801,966
 Total cash and investments	 <u><u>\$ 250,742,856</u></u>

Total cash and investments at June 30, 2017 were presented on the County's financial statements as follows:

Primary government	\$ 97,776,198
Fiduciary Funds:	
Investment trust funds	143,668,859
Private purpose trust funds	41,894
Agency funds	<u>9,255,905</u>
	<u><u>\$ 250,742,856</u></u>

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2017

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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Federal Agency Obligations	5 years	None	None
U.S. Treasury Bills	5 years	None	None
Bankers' Acceptances	180 days	40%	30%
Commercial Paper	270 days, but dollar weighted average may not exceed 31 days	25%	Lesser of 10% per account
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, 2017, the County had the following investments:

Primary Investment Pool	Interest Rates	Maturities	Par	Fair Value	Weighted Average Maturity (Years)
Federal Agency Issues - Coupon	.780% - 2.300%	4/11/18 - 5/17/22	\$ 166,250,714	\$ 164,819,031	3.83
Medium-Term Corporate Notes	1.375% - 5.5%	7/17/17 - 6/27/22	52,750,000	53,037,710	2.64
Local Agency Investment Fund	Variable	On Demand	31,984,217	31,950,335	-
California Asset Management Pool	Variable	On Demand	4,079,290	4,082,661	-
			<u>\$ 255,064,221</u>	<u>\$ 253,889,737</u>	<u>6.47</u>
Investments outside investment pool					
LAIIF - Sutter Cemetery			2,734,799	2,731,902	-
Money Market - PNC Escrow Account			180,327	180,327	-
			<u>2,915,126</u>	<u>2,912,229</u>	
Total Investments			<u>\$ 257,979,347</u>	<u>\$ 256,801,966</u>	<u>6.47</u>

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2017

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, 2017:

	Standard & Poor's Rating	Moody's Rating	% of Portfolio
	<hr/>	<hr/>	<hr/>
Federal Agency Obligations	AA+	Aaa	64.18%
Medium-Term Corporate Notes	AA	Aa2	0.39%
Medium-Term Corporate Notes	A+	A1	3.62%
Medium-Term Corporate Notes	A+	A2	0.39%
Medium-Term Corporate Notes	A	A2	13.62%
Medium-Term Corporate Notes	A-	A3	2.63%
Money Market Fund	AAAm	Aaa	0.07%
California Asst Management Pool	AAAm	Not rated	1.59%
Local Agency Investment Fund	Not rated	Not rated	<hr/> 13.51%
Total			<hr/> 100.00%

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2017

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

At June 30, 2017, 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.

	<u>Amount</u>	<u>% of Portfolio</u>
Federal Home Loan Bank	\$ 34,924,241	13.60%
Federal National Mortgage Association	36,660,980	14.28%
Federal Home Loan Mortgage Corp.	64,527,980	25.13%
Federal Farm Credit Bank	28,705,830	11.18%
Wells Fargo Bank Corporate Notes	28,981,610	11.29%

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, 2017, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$32 million for the primary investment pool and \$2.73 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 \$77.6 billion. Of that amount, .88% was invested in structured notes and asset-backed securities with the remaining 99.12% invested in other non-derivative financial products.

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2017

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, 2017:

Statement of Net Position

Net position held for pool participants	<u>\$ 248,010,954</u>
Equity of internal pool participants	107,073,997
Equity of external pool participants	<u>140,936,957</u>
Total net position	<u>248,010,954</u>

Statement of Changes in Net Position

Net Position at July 1, 2016	244,377,064
Net changes in investments by pool	<u>3,633,890</u>
Net Position at June 30, 2017	<u>\$ 248,010,954</u>

Fair Value Measurements

The Pool categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and,
- Level 3: Investments reflect prices based upon unobservable sources.

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2017

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

Fair Value Measurements (continued)

The Pool has the following recurring fair value measurements as of June 30, 2017:

<u>Investments</u>	<u>Level 2</u>	<u>Total</u>
Investments by Fair Value Level:		
Federal Agency Obligations	\$ 164,819,031	\$ 164,819,031
Medium-Term Corporate Notes	53,037,710	53,037,710
Total investments measured at fair value	<u>\$217,856,741</u>	<u>217,856,741</u>
Investments Measured at Amortized Cost:		
Money Market Funds		180,327
Investments Measured at Net Asset Value per Share:		
California Asset Management Program		4,082,661
Investments Exempt from Fair Value Hierarchy:		
Local Agency Investment Fund		31,950,335
<i>Held by Trustee:</i>		
Local Agency Investment Fund		2,731,902
Total pooled and directed investments		<u>\$ 256,801,966</u>

NOTE 4: **LOANS RECEIVABLE**

Loans receivable at June 30, 2017 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>	<u>Total</u>
Loan to City of Live Oak	\$ 30,307	\$ -	\$ -	\$ -	\$ 30,307
Loan to City of Yuba City	221,913	-	-	-	221,913
Loan to Sutter-Yuba Housing Authority	-	874,458	-	-	874,458
Economic Development Loans	-	-	114,612	1,505,674	1,620,286
Total Loans Receivables	<u>252,220</u>	<u>874,458</u>	<u>114,612</u>	<u>1,505,674</u>	<u>2,746,964</u>
Less Allowance for Doubtful Accounts	-	-	-	(1,334,730)	(1,334,730)
Loans Receivables, Net	<u>\$ 252,220</u>	<u>\$ 874,458</u>	<u>\$ 114,612</u>	<u>\$ 170,944</u>	<u>\$ 1,412,234</u>

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 5: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2017, was as follows:

	Balance 6/30/2016	Additions/ Adjustments	Retirements	Balance 6/30/2017
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 3,031,078	\$ -	\$ -	\$ 3,031,078
Construction in Progress	4,146,013	4,011,713	(98,114)	8,059,612
Total capital assets, not being depreciated	<u>7,177,091</u>	<u>4,011,713</u>	<u>(98,114)</u>	<u>11,090,690</u>
Capital assets, being depreciated				
Structures and improvements	45,572,863	156,208	-	45,729,071
Equipment	25,398,923	1,529,730	(1,046,464)	25,882,189
Infrastructure	101,691,710	-	-	101,691,710
Total capital assets, being depreciated	<u>172,663,496</u>	<u>1,685,938</u>	<u>(1,046,464)</u>	<u>173,302,970</u>
Less accumulated depreciation for				
Structures and improvements	(19,323,979)	(854,741)	-	(20,178,720)
Equipment	(19,644,591)	(1,138,114)	1,035,340	(19,747,365)
Infrastructure	(64,232,961)	(2,801,342)	-	(67,034,303)
Total accumulated depreciation	<u>(103,201,531)</u>	<u>(4,794,197)</u>	<u>1,035,340</u>	<u>(106,960,388)</u>
Total capital assets, being depreciated, net	69,461,965	(3,108,259)	(11,124)	66,342,582
Governmental activities, capital assets, net	<u>\$ 76,639,056</u>	<u>\$ 903,454</u>	<u>\$ (109,238)</u>	<u>\$ 77,433,272</u>

	Balance 6/30/2016	Additions	Balance 6/30/2017
Business-Type Activities			
Capital assets, not being depreciated			
Land	\$ 58,000	\$ -	\$ 58,000
Construction in progress	430,526	-	430,526
Total capital assets, not being depreciated	<u>488,526</u>	<u>-</u>	<u>488,526</u>
Capital assets, being depreciated			
Structures and Improvements	3,382,878	-	3,382,878
Equipment	17,826	-	17,826
Total capital assets, being depreciated	<u>3,400,704</u>	<u>-</u>	<u>3,400,704</u>
Less accumulated depreciation for			
Structures and improvements	(1,544,348)	(160,520)	(1,704,868)
Equipment	(17,826)	-	(17,826)
Total accumulated depreciation	<u>(1,562,174)</u>	<u>(160,520)</u>	<u>(1,722,694)</u>
Total capital assets, being depreciated, net	1,838,530	(160,520)	1,678,010
Business-type activities, capital assets, net	<u>\$ 2,327,056</u>	<u>\$ (160,520)</u>	<u>\$ 2,166,536</u>

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 5: CAPITAL ASSETS (continued)

Depreciation

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 700,250
Public Protection	577,958
Public Ways and Facilities	3,030,330
Health and Sanitation	139,796
Public Assistance	145,584
Education	20,935
Recreation and Culture	14,768
Capital Assets held by the Government's Internal Service Fund are charged to the various functions backed on their usage of assets	<u>164,576</u>
Total	<u>\$ 4,794,197</u>
 Waterworks District No. 1	 <u>\$ 160,520</u>

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

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: CAPITAL LEASES

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, 2017</u>
Governmental Activities:		
Solar Panels	3.71%	\$ 8,108,114

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 6: CAPITAL LEASES (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, 2017 are as follows:

	Copiers
Cost	\$ 365,975
Accumulated Amortization	(246,918)
Net	\$ 119,057

As of June 30, 2017, future minimum lease payments under capital leases are as follows:

Year Ending June 30:	Governmental Activities
2018	\$ 770,361
2019	733,569
2020	772,465
2021	804,885
2022	838,774
2023-2027	4,500,182
2028-2029	2,033,426
Total future minimum lease payments	10,453,662
Less: Interest	(2,239,577)
Present value of minimum lease payments	\$ 8,214,085

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 7: LONG-TERM LIABILITIES

Long-term debt at June 30, 2017 consisted of the following:

	Date of Issue	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2017
Governmental activities						
Refinancing Lease Agreement - Health Building	2009	2020	4.50%	\$115,000 - \$195,313	\$1,730,000	561,069
Capital Leases						
Copiers	2013	2019	3.99%	\$5,762 - \$7,235	394,159	105,971
Solar panels - PNC	2014	2029	3.71%	\$345,514 - \$1,002,676	9,109,446	8,108,114
Total Governmental Activities					<u>\$11,233,605</u>	<u>\$8,775,154</u>
Business - Type Activities						
State of California Department of Water Resources Safe Drinking Water Loan	1988	2019	4.14%	\$916- \$1,766	\$30,000	\$2,685
State Water Resources Control Board Loan	1998	2022	2.80%	\$5,506 - \$8,333	151,000	46,710
Total Business-Type Activities					<u>\$181,000</u>	<u>\$49,395</u>

The following is a summary of all long-term liabilities transactions for the year ended June 30, 2017:

	Balance July 01, 2016	Additions/ Adjustments	Retirements	Balance June 30, 2017	Amounts Due Within One Year
Governmental activities					
Refinancing lease agreement	\$732,220		\$171,151	\$561,069	\$178,854
Capital Leases	8,637,450		423,365	8,214,085	466,818
Compensated absences	5,825,743	\$6,332,740	5,990,797	6,167,686	5,708,524
Liability for self-insurance	720,000	293,000	293,000	720,000	720,000
Total Governmental Activities - Long-Term Liabilities	<u>\$15,915,413</u>	<u>\$6,625,740</u>	<u>\$6,878,313</u>	<u>\$15,662,840</u>	<u>\$7,074,196</u>
Business - Type Activities					
Loans payable	\$58,152		\$8,757	\$49,395	\$9,024
Total Business-Type Activities - Long-Term Liabilities	<u>\$58,152</u>	<u>\$0</u>	<u>\$8,757</u>	<u>\$49,395</u>	<u>\$9,024</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, 2017

NOTE 7: LONG-TERM LIABILITIES (continued)

As of June 30, 2017, annual debt service requirements of governmental activities to maturity are as follows:

Year End June 30,	Governmental Activities	
	Refinancing Lease Agreement	
	Principal	Interest
2018	\$ 178,854	\$ 25,248
2019	186,902	17,200
2020	195,313	8,789
Total	<u>\$ 561,069</u>	<u>\$ 51,237</u>

Year End June 30,	Copiers	
	Principal	Interest
	2018	\$ 84,343
2019	21,628	145
Total	<u>\$ 105,971</u>	<u>\$ 2,896</u>

Year End June 30,	Solar Panels	
	Principal	Interest
	2018	\$ 382,475
2019	425,178	286,618
2020	501,604	270,861
2021	552,614	252,271
2022	606,983	231,791
2023-2027	3,714,330	785,852
2028-2029	1,924,930	108,496
Total	<u>\$ 8,108,114</u>	<u>\$ 2,236,681</u>

Annual debt service requirements of business-type activities to maturity are as follows:

Year End June 30,	Business Activities	
	Loans Payable	
	Principal	Interest
2018	\$ 9,024	\$ 1,598
2019	8,381	1,327
2020	7,670	1,104
2021	7,885	896
2022	8,106	681
2023	8,329	460
Total	<u>\$ 49,395</u>	<u>\$ 6,066</u>

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2017

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, 2017:

Receivable	Payable	Amount
General Fund	Bi-County Behavioral Health	\$ 2,276,835
	Welfare	3,209,982
	Public Safety/Trial Courts	2,734,348
	Nonmajor Governmental Funds	427,231
	Internal Service Funds	19,440
		<u>8,667,836</u>
Bi-County Behavioral Health	Mental Health Services Act	490,082
	Public Safety/Trial Courts	625,446
	Public Safety Realignment	1,052,125
	Nonmajor Governmental Funds	10,354
	Internal Service Funds	7,587
	<u>2,185,594</u>	
Welfare	General Fund	23,599
	Public Safety Realignment	1,539,986
	Nonmajor Governmental Funds	2,508,108
	Internal Service Funds	5,791
	<u>4,077,484</u>	
Public Safety/Trial Courts	General Fund	503,210
	Bi-County Behavioral Health	75
	Welfare	1,576
	Public Safety Realignment	80,304
	Nonmajor Governmental Funds	2,763,860
	Internal Service Funds	50,969
	<u>3,399,994</u>	
Mental Health Services Act	Bi-County Behavioral Health	7,317
	Public Safety/Trial Courts	84,397
	Public Safety Realignment	23,930
	Nonmajor Governmental Funds	45,841
	Internal Service Funds	2,813
	<u>164,298</u>	
Public Safety Realignment	Public Safety/Trial Courts	301,346
		<u>301,346</u>

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2017

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

Due To/From Other Funds (continued)

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	391,243
	Welfare	116,984
	Public Safety/Trial Courts	75,664
	Mental Health Services Act	107,816
	Public Safety Realignment	30,061
	Nonmajor Governmental Funds	412,581
	Internal Service Funds	67,886
		<u>1,202,235</u>
Internal Service Funds	Public Safety/Trial Courts	880
	Internal Service Funds	1,317
		<u>2,197</u>
		<u>\$ 20,000,984</u>

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, 2017:

<u>Advance To Other Funds</u>	<u>Advance From Other Funds</u>	<u>Amount of Advance</u>
General Fund	Bi-County Behavioral Health	\$ 997,205
	Nonmajor Governmental Funds	1,202,855
Mental Health Services Act	Bi-County Behavioral Health	2,225,467
	Total	<u>\$ 4,425,527</u>

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2017

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

In 2002, the Board of Supervisors approved an advance of \$985,000 from the General Fund to County Service Areas Special Revenue Fund to fund the construction costs of a new station. The loan has a variable interest rate that is based on the pooled treasury rate and has payments due August 1st of each year in the amount of \$50,550. To date, interest paid on the loan totals \$268,319 and principal paid totals \$453,073. As of June 30, 2017, the remaining balance due was \$545,615.

On June 30, 2009, the Board of Supervisors approved an advance of \$67,811 from the General Fund to the Special Aviation Special Revenue Fund. The Board approved additional advances on December 7, 2010 and February 8, 2011 to bring the total advance to \$185,000. The outstanding balance at year-end is \$32,047.

On March 26, 2010, the Mental Health Services Act Fund advanced \$2,000,000 to Bi-County Behavioral Health to meet cash flow needs. Interest is charged at a variable rate based on the pooled treasury rate. To date no payments have been made on the advance. The balance at June 30, 2017 was \$2,225,467

On June 30, 2015, the General Fund advanced the Bi-County Behavioral Health Fund \$973,705 to provide funding for the Chevron energy improvements project. The outstanding balance at year-end is \$997,205.

On June 30, 2017, the General Fund advanced the County Fees and Taxes Special Revenue Fund \$625,085 related to the Animal Control Development Impact Fee. The outstanding balance at year-end is \$625,193.

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 8: INTERFUND TRANSACTIONS (continued)

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, 2017:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Welfare	\$ 449,000
	Public Safety/Trial Courts	19,181,185
	Nonmajor Governmental	8,763,613
		<u>28,393,798</u>
Bi-County Behavioral Health	Welfare	180,000
	Nonmajor Governmental	55,876
		<u>235,876</u>
Welfare	Nonmajor Governmental	<u>440,166</u>
Public Safety/Trial Courts	Nonmajor Governmental	<u>204,790</u>
Mental Health Services Act	Bi-County Behavioral Health	1,594,055
	Nonmajor Governmental	4,789
		<u>1,598,844</u>
Public Safety Realignment	Bi-County Behavioral Health	11,747,928
	Welfare	9,009,313
	Public Safety/Trial Courts	4,153,343
	Mental Health Services Act	878,195
	Nonmajor Governmental	1,339,852
		<u>27,128,631</u>
Nonmajor Governmental	General Fund	5,152,336
	Bi-County Behavioral Health	178,740
	Welfare	6,178,855
	Public Safety/Trial Courts	9,421,883
	Mental Health Services Act	236,626
	Nonmajor Governmental	4,646,689
		<u>25,815,129</u>
Waterworks District No. 1 Enterprise Fund	Nonmajor Governmental	<u>13,884</u>
Internal Service Funds	Nonmajor Governmental	<u>15,294</u>
		<u>\$ 83,846,412</u>

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2017

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 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.

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2017

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

A. General Information about the Pension Plans (continued)

Benefits Provided (continued)

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.

The Plans' provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous		
	Prior to Nov. 16, 2011	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% - 2.70%	1.09% - 2.42%	1.00% - 2.50%
Required employee contribution rates	8.00%	7.00%	6.25%
Required employer contribution rates	23.44%	23.44%	23.44%
Status	Closed	Closed	Open

	Safety		
	Prior to Nov. 16, 2011	After Nov. 16, 2011	On or after Jan. 1, 2013
Hire date			
Benefit formula	3% @ 50	2% @ 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	50-55	50-57
Monthly benefits, as % of eligible compensation	3.00%	2.00% - 2.70%	2.00% - 2.70%
Required employee contribution rates	9.00%	9.00%	11.25%
Required employer contribution rates	33.91%	33.91%	33.91%
Status	Closed	Closed	Open

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2017

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

A. **General Information about the Pension Plans** (continued)

Employees Covered

At June 30, 2016, the following employees were covered by the benefit terms for the Miscellaneous Plan and Safety Plan.

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	951	177
Inactive employees entitled to but not yet receiving benefits	737	98
Active employees	755	167
Total	<u>2,443</u>	<u>442</u>

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.

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, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2017

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

B. Net Pension Liability (continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2015	June 30, 2015
Measurement Date	June 30, 2016	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method	
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 (2)	

(1) Net of pension plan investment expenses, includes inflation

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on 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 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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, 2017

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

B. Net Pension Liability (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	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	1.0%	-0.55%	-1.05%
Total	100.0%		

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

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

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2017

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:

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2015 (MD)	\$327,460,847	\$239,860,581	\$87,600,266
Changes in the year:			
Service cost	7,788,731		7,788,731
Interest on the total pension liability	26,037,033		26,037,033
Differences between actual and expected experience	594,644	3,578,663	(2,984,019)
Plan to Plan Resource Movement			
Contribution - employer		9,882,243	(9,882,243)
Contribution - employee		3,460,310	(3,460,310)
Net investment income		1,370,408	(1,370,408)
Administrative expenses		(155,561)	155,561
Benefit payments, including refunds of employee contributions	(16,994,611)	(16,994,611)	
Net changes	<u>17,425,797</u>	<u>1,141,452</u>	<u>16,284,345</u>
Balance at June 30, 2016 (MD)	<u>\$344,886,644</u>	<u>\$241,002,033</u>	<u>\$103,884,611</u>

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2017

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

C. Changes in the Net Pension Liability (continued)

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

Safety Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2015 (MD)	\$111,651,394	\$82,391,229	\$29,260,165
Changes in the year:			
Service cost	2,720,184		2,720,184
Interest on the total pension liability	8,268,025		8,268,025
Differences between actual and expected experience	(2,485,971)		(2,485,971)
Plan to Plan Resource Movement		2,537	(2,537)
Contribution - employer		3,354,947	(3,354,947)
Contribution - employee		1,026,877	(1,026,877)
Net investment income		417,478	(417,478)
Administrative expenses		(50,213)	50,213
Benefit payments, including refunds of employee contributions	(4,893,514)	(4,893,514)	
Net changes	3,608,724	(141,888)	3,750,612
Balance at June 30, 2016 (MD)	\$115,260,118	\$82,249,341	\$33,010,777

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:

	Current Discount		
	1% Decrease 6.65%	Rate 7.65%	1% Increase 8.65%
Miscellaneous Plan	\$ 148,023,124	\$ 103,884,611	\$ 67,158,160
Safety Plan	\$ 48,682,108	\$ 33,010,777	\$ 20,106,372

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2017

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

C. Changes in the Net Pension Liability (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, 2017, the County recognized pension expense of (\$1,768,268). 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.

At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience		\$ (6,273,078)
Changes in assumptions		(2,847,027)
Net differences between projected and actual earnings on pension plan investments	\$ 28,668,697	(10,921,114)
Adjustment due to differences in proportions		
County contributions subsequent to the measurement date	14,061,551	
Total	\$42,730,248	(\$20,041,219)

\$14,061,551 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, 2018.

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2017

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

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2018	(\$3,202,072)
2019	235,446
2020	7,121,606
2021	4,472,498
Total	<u>\$8,627,478</u>

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 2016/2017, the County contributed \$97,218, or 7.4%, of the actuarially required contributions to the Retiree Healthcare Plan.

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2017

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

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	\$ 1,318,517
Interest on net OPEB obligation	321,466
Adjustment to the ARC	<u>(419,691)</u>
Annual OPEB cost (expense)	<u><u>1,220,292</u></u>
Contributions made	<u>(454,860)</u>
Increase in net OPEB obligation	765,432
Net OPEB obligation - beginning of year	8,036,646
Net OPEB obligation - end of year	<u><u>\$ 8,802,078</u></u>

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 2015, 2016 and 2017 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost	Net OPEB Obligation
6/30/2015	\$ 1,131,740	8.43%	\$ 7,309,649
6/30/2016	1,188,153	8.35%	8,036,646
6/30/2017	1,220,292	7.97%	8,802,078

Funded Status and Funding Progress

The funded status of the plan, based on an actuarial valuation as of June 30, 2017, the plan's most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 11,850,109
Actuarial value of plan assets	<u> --</u>
Unfunded actuarial accrued liability (UAAL)	\$ 11,850,109
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active Plan members)	\$ 55,207,878
UAAL as a percentage of covered payroll	21%

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2017

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

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, 2017 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.0% 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, 2017, was 22 years.

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, 2017, the General Liability fund had Net Position deficit of \$(391,113) and the Workers' Compensation fund had Net Position of \$6,925. 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.

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 11: RISK MANAGEMENT (continued)

Changes in the County's claims liability amount for the fiscal years 2015, 2016 and 2017 were as follows:

Fiscal Year Ending	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claims Payments	Balance at End of Fiscal Year
June 30, 2015	\$531,000	\$230,387	\$41,387	\$720,000
June 30, 2016	720,000	321,931	321,931	720,000
June 30, 2017	720,000	293,000	293,000	720,000

NOTE 12: FUND BALANCE CLASSIFICATIONS

Fund balance classifications for the governmental funds as of June 30, 2017 are presented below:

	General	Bi-County Behavioral Health	Welfare	Public Safety/ Trial Courts	Mental Health Services Act	Public Safety/ Realignment	Other Governmental	Total Governmental Funds
Nonspendable:								
Prepaid Expenses	\$ -	\$ 198	\$ 44,890	\$ 30,054	\$ 4,743	\$ -	\$ 1,000	\$ 80,885
Inventory	-	-	-	-	-	-	69,586	69,586
Advances and Loans Receivables	1,827,087	-	-	-	2,225,467	-	191,932	4,244,486
Permanent Funds	-	-	-	-	-	-	29,862	29,862
Subtotal	<u>1,827,087</u>	<u>198</u>	<u>44,890</u>	<u>30,054</u>	<u>2,230,210</u>	<u>-</u>	<u>292,380</u>	<u>4,424,819</u>
Restricted for:								
Taxes and Fees	-	-	-	-	-	-	2,447,323	2,447,323
Public Protection	-	-	-	115,353	-	11,104,372	5,107,945	16,327,670
Public Ways & Facilities	-	-	-	-	-	-	16,756,255	16,756,255
Health and Social Services	-	-	-	-	11,395,109	-	21,523,075	32,918,184
Public Assistance	-	-	-	-	-	-	11,818	11,818
Community Development	-	-	-	-	-	-	1,532,080	1,532,080
Other	19,690	-	-	-	-	-	1,405,006	1,424,696
Subtotal	<u>19,690</u>	<u>-</u>	<u>-</u>	<u>115,353</u>	<u>11,395,109</u>	<u>11,104,372</u>	<u>48,783,502</u>	<u>71,418,026</u>
Committed to:								
Capital Projects	6,709,314	-	-	-	-	-	151,460	6,860,774
Public Protection	1,688,000	-	-	147,251	-	-	101	1,835,352
Public Facilities	-	-	-	-	-	-	4,229,152	4,229,152
Health and Social Services	-	-	-	-	-	-	8,708	8,708
Pension Obligation & OPEB	558,845	-	-	-	-	-	-	558,845
Future Vehicle Purchase	433,766	-	-	-	-	-	-	433,766
Other	2,547,755	-	-	-	-	-	-	2,547,755
Subtotal	<u>11,937,680</u>	<u>-</u>	<u>-</u>	<u>147,251</u>	<u>-</u>	<u>-</u>	<u>4,389,421</u>	<u>16,474,352</u>
Assigned to:								
Other	736,609	-	-	-	-	-	1,047	737,656
Subtotal	<u>736,609</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,047</u>	<u>737,656</u>
Unassigned	<u>11,083,199</u>	<u>(3,225,411)</u>	<u>(1,942,142)</u>	<u>(39,683)</u>	<u>(1,544,225)</u>	<u>102,190</u>	<u>(123)</u>	<u>4,433,805</u>
Total	<u>\$ 25,604,265</u>	<u>\$ (3,225,213)</u>	<u>\$ (1,897,252)</u>	<u>\$ 252,975</u>	<u>\$ 12,081,094</u>	<u>\$ 11,206,562</u>	<u>\$ 53,466,227</u>	<u>\$ 97,488,658</u>

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2017

NOTE 13: OTHER INFORMATION

A. **Construction Commitments**

At June 30, 2017, the County has commitments of approximately \$10,964,300 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, 2017.

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.



REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)



COUNTY OF SUTTER

Required Supplementary Information
For the Year Ended June 30, 2017

Schedule of Changes in Net Pension Liability and Related Ratios

Miscellaneous Plan – Agent Multiple-Employer Defined Benefit Pension Plan
Last 10 Fiscal Years*

	Reporting Fiscal Year		
	Measurement Date		
	2017 (2016)	2016 (2015)	2015 (2014)
Total Pension Liability			
Service Cost	\$7,788,731	\$7,663,051	\$7,829,813
Interest on total pension liability	26,037,033	23,502,852	21,710,089
Changes in assumptions	-	(5,579,922)	-
Differences between expected and actual experience	594,644	(4,578,918)	-
Benefit payments, including refunds of employee contributions	(16,994,611)	(14,200,697)	(13,296,051)
Other differences		12,259,060	-
Net change in total pension liability	17,425,797	19,065,426	16,243,851
Total pension liability - beginning	327,460,847	308,395,421	292,151,570
Total pension liability - ending (a)	\$344,886,644	\$327,460,847	\$308,395,421
Plan fiduciary net position			
Contributions - employer	\$9,882,242	\$8,531,146	\$8,238,602
Contributions - employee	3,460,310	3,268,310	3,198,949
Net investment income (1)	1,370,408	5,352,021	35,852,926
Changes in assumptions		-	(15,546,563)
Benefit payments, including refunds of employee contributions	(16,994,611)	(14,200,697)	(13,296,051)
Other differences	3,578,664	12,049,033	428,607
Administrative expenses	(155,561)	(274,515)	-
Net change in plan fiduciary net position	1,141,452	14,725,298	18,876,470
Plan fiduciary net position - beginning	239,860,581	225,135,283	206,258,813
Plan fiduciary net position - ending (b)	\$241,002,033	\$239,860,581	\$225,135,283
Net pension liability - ending (a)-(b)	\$103,884,611	\$87,600,266	\$83,260,138
Plan fiduciary net position as a percentage of the total pension liability	70%	69%	67%
Net pension liability as percentage expenses of covered payroll	240%	209%	205%

Schedule of Pension Plan Contributions

* 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	(2016)	(2015)	(2014)
Actuarially determined contribution	\$9,420,595	\$8,531,146	\$8,238,602
Contributions in relation to the actuarially determined contributions	9,420,595	8,531,146	8,238,602
Contribution deficiency (excess)	-	-	-

*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, 2017

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*

	Reporting Fiscal Year		
	Measurement Date		
	2017 (2016)	2016 (2015)	2015 (2014)
Total Pension Liability			
Service Cost	\$2,720,184	\$2,878,691	\$2,913,157
Interest	8,268,025	7,994,762	7,636,180
Changes in assumptions	-	(1,998,906)	-
Differences between expected and actual experience	(2,485,971)	(1,437,908)	-
Benefit payments, including refunds of employee contributions	(4,893,514)	(4,578,828)	(4,229,813)
Net change in total pension liability	3,608,724	2,857,811	6,319,524
Total pension liability - beginning	111,651,394	108,793,583	102,474,059
Total pension liability - ending (a)	\$115,260,118	\$111,651,394	\$108,793,583
Plan fiduciary net position			
Contributions - employer	\$3,354,947	\$3,205,510	\$3,060,634
Contributions - employee	1,026,877	1,004,397	946,187
Net investment income (1)	417,478	1,803,726	12,013,249
Benefit Payments, including refunds of employee contributions	(4,893,514)	(4,578,828)	(4,229,813)
Plan to Plan resource movement	2,537		
Administrative Expense	(50,213)	(92,691)	
Net change in plan fiduciary net position	(141,888)	1,342,114	11,790,257
Plan fiduciary net position - beginning	82,391,229	81,049,115	69,258,858
Plan fiduciary net position - ending (b)	\$82,249,341	\$82,391,229	\$81,049,115
Net pension liability - ending (a)-(b)	\$33,010,777	\$29,260,165	\$27,744,468
Plan fiduciary net position as a percentage of the total pension liability	71%	74%	74%
Net pension liability as percentage expenses of covered payroll	307%	261%	254%

Schedule of Pension Plan Contributions

Schedule of Pension Plan Contributions

Safety Plan

	(2016)	(2015)	(2014)
Actuarially determined contribution	\$3,354,947	\$3,205,510	\$3,036,909
Contributions in relation to the actuarially determined contributions	3,354,947	3,205,510	3,036,909
Contribution deficiency (excess)	-	-	-

*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, 2017

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:

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded/ (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
6/30/2015	\$ 11,780,289	\$ --	\$ 11,780,289	0.00%	\$ 47,660,457	24.7%
6/30/2016	12,483,741	--	12,483,741	0.00%	49,209,422	25.4%
6/30/2017	11,850,109	--	11,850,109	0.00%	55,207,878	21.5%

COUNTY OF SUTTER

Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	29,320,824	29,320,824	30,009,007	\$ 688,183
Licenses and permits	1,834,248	1,912,548	1,799,624	(112,924)
Fines, forfeits and penalties	64,950	64,950	84,343	19,393
Use of money and property	449,636	383,846	466,822	82,976
Intergovernmental	10,289,395	7,353,754	4,063,381	(3,290,373)
Charges for services	11,619,991	11,609,028	10,019,126	(1,589,902)
Miscellaneous revenue	857,284	8,875,455	1,171,462	(7,703,993)
Total Revenues	<u>54,436,328</u>	<u>59,520,405</u>	<u>47,613,765</u>	<u>(11,906,640)</u>
Expenditures:				
Current:				
General government	20,720,194	25,829,496	15,320,393	10,509,103
Public protection	9,621,206	9,449,506	6,986,646	2,462,860
Public way and facilities	195,000	508,500	233,801	274,699
Public assistance	69,120	69,120	54,968	14,152
Education	1,709,110	1,619,225	1,571,950	47,275
Recreation and culture	712,543	664,256	743,785	(79,529)
Capital outlay		1,348,470	803,754	544,716
Total Expenditures	<u>33,027,173</u>	<u>39,488,573</u>	<u>25,715,297</u>	<u>13,773,276</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>21,409,155</u>	<u>20,031,832</u>	<u>21,898,468</u>	<u>1,866,636</u>
Other Financing Sources (Uses):				
Proceeds on sale of capital assets	5,000	5,000	25,940	20,940
Transfers in	5,551,522	4,651,667	5,152,336	500,669
Transfers out	(32,472,682)	(28,625,627)	(28,393,798)	231,829
Total Other Financing Sources (Uses)	<u>(26,916,160)</u>	<u>(23,968,960)</u>	<u>(23,215,522)</u>	<u>753,438</u>
Net Change in Fund Balances	(5,507,005)	(3,937,128)	(1,317,054)	2,620,074
Budgetary Fund Balances - Beginning of Year	<u>26,921,319</u>	<u>26,921,319</u>	<u>26,921,319</u>	<u>--</u>
Budgetary Fund Balances - End of Year	<u>\$ 21,414,314</u>	<u>\$ 22,984,191</u>	<u>\$ 25,604,265</u>	<u>\$ 2,620,074</u>

COUNTY OF SUTTER

Budgetary Comparison Schedule
Bi-County Mental Health
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ 18,000	\$ 18,000	\$ 24,169	\$ 6,169
Intergovernmental	8,625,749	9,275,749	7,947,172	(1,328,577)
Charges for services	2,266,252	1,232,100	1,218,353	(13,747)
Miscellaneous revenue	66,750	66,750	72,920	6,170
Total Revenues	10,976,751	10,592,599	9,262,614	(1,329,985)
Expenditures:				
Current:				
Health and sanitation	26,047,519	25,751,354	24,974,328	777,026
Debt service: interest		24,000	51,670	(27,670)
Capital Outlay		99,450	77,052	22,398
Total Expenditures	26,047,519	25,874,804	25,103,050	771,754
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,070,768)	(15,282,205)	(15,840,436)	(558,231)
Other Financing Sources (Uses):				
Proceeds on sale of capital assets	--	2,326	2,326	--
Transfers in	15,099,501	15,508,903	13,520,723	(1,988,180)
Transfers out	(235,936)	(226,698)	(235,876)	(9,178)
Total Other Financing Sources (Uses)	14,863,565	15,284,531	13,287,173	(1,997,358)
Net Change in Fund Balances	(207,203)	2,326	(2,553,263)	(2,555,589)
Fund Balances - Beginning of Year	(671,950)	(671,950)	(671,950)	--
Fund Balances - End of Year	\$ (879,153)	\$ (669,624)	\$ (3,225,213)	\$ (2,555,589)

COUNTY OF SUTTER

Budgetary Comparison Schedule
Welfare
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ --	\$ --	\$ 627	\$ 627
Intergovernmental	26,049,522	28,593,307	25,741,010	(2,852,297)
Other revenues	15,000	12,500	(20,504)	(33,004)
Total Revenues	<u>26,064,522</u>	<u>28,605,807</u>	<u>25,721,133</u>	<u>(2,884,674)</u>
Expenditures:				
Current:				
Public assistance	50,900,721	45,410,959	42,919,641	2,491,318
Capital outlay		66,000	136,017	(70,017)
Total Expenditures	<u>50,900,721</u>	<u>45,476,959</u>	<u>43,055,658</u>	<u>2,421,301</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(24,836,199)</u>	<u>(16,871,152)</u>	<u>(17,334,525)</u>	<u>(463,373)</u>
Other Financing Sources (Uses):				
Proceeds on sale of capital assets	3,000	14,757	14,757	--
Transfers in	19,957,799	19,949,799	15,817,168	(4,132,631)
Transfers out	(556,931)	(541,362)	(440,166)	101,196
Total Other Financing Sources (Uses)	<u>19,403,868</u>	<u>19,423,194</u>	<u>15,391,759</u>	<u>(4,031,435)</u>
Net Change in Fund Balances	<u>(5,432,331)</u>	<u>2,552,042</u>	<u>(1,942,766)</u>	<u>(4,494,808)</u>
Fund Balances - Beginning of Year	<u>45,514</u>	<u>45,514</u>	<u>45,514</u>	<u>--</u>
Fund Balances - End of Year	<u>\$ (5,386,817)</u>	<u>\$ 2,597,556</u>	<u>\$ (1,897,252)</u>	<u>\$ (4,494,808)</u>

COUNTY OF SUTTER

Budgetary Comparison Schedule
Public Safety/Trial Courts
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 17,652	\$ 17,652	\$ 16,249	\$ (1,403)
Licenses and permits	16,800	16,800	16,757	(43)
Fines, forfeitures and penalties	463,600	617,928	510,644	(107,284)
Use of money and property	--	--	4,635	4,635
Intergovernmental	2,384,333	2,429,398	2,115,262	(314,136)
Charges for services	730,056	899,433	1,112,025	212,592
Miscellaneous revenue	45,065	--	90,523	90,523
Total Revenues	<u>3,657,506</u>	<u>3,981,211</u>	<u>3,866,095</u>	<u>(115,116)</u>
Expenditures:				
Current:				
Public protection	35,767,246	38,131,156	35,003,879	3,127,277
Capital outlay		902,532	1,280,043	(377,511)
Total Expenditures	<u>35,767,246</u>	<u>39,033,688</u>	<u>36,283,922</u>	<u>2,749,766</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(32,109,740)</u>	<u>(35,052,477)</u>	<u>(32,417,827)</u>	<u>2,634,650</u>
Other Financing Sources (Uses):				
Proceeds on sale of capital assets	2,000	8,261	8,261	--
Transfers in	33,704,269	35,237,835	32,756,411	(1,930,793)
Transfers out	(204,712)	(187,358)	(204,790)	(2,205,848)
Total Other Financing Sources (Uses)	<u>33,501,557</u>	<u>35,058,738</u>	<u>32,559,882</u>	<u>(4,136,641)</u>
Net Change in Fund Balances	1,391,817	6,261	142,055	(1,501,991)
Fund Balances - Beginning of Year	<u>110,920</u>	<u>110,920</u>	<u>110,920</u>	<u>--</u>
Fund Balances - End of Year	<u>\$ 1,502,737</u>	<u>\$ 117,181</u>	<u>\$ 252,975</u>	<u>\$ (1,501,991)</u>

COUNTY OF SUTTER

Budgetary Comparison Schedule
Mental Health Services Act
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ 253,977	\$ 194,000	\$ 91,943	\$ (102,057)
Intergovernmental	9,352,316	8,028,500	10,101,761	2,073,261
Charges for services	1,466,140	91,000	74,436	(16,564)
Miscellaneous revenue	--	--	7,068	7,068
Total Revenues	<u> </u>	<u>8,313,500</u>	<u>10,275,208</u>	<u>1,961,708</u>
Expenditures:				
Current:				
Health and sanitation	10,756,385	8,270,879	8,282,433	11,554
Capital outlay		--	58,574	58,574
Total Expenditures	<u>10,756,385</u>	<u>8,270,879</u>	<u>8,341,007</u>	<u>70,128</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>(10,756,385)</u>	 <u>42,621</u>	 <u>1,934,201</u>	 <u>1,891,580</u>
Other Financing Sources (Uses):				
Proceeds on sale of capital assets	--	486	486	--
Transfers in	956,566	956,566	1,114,821	158,255
Transfers out	<u>(1,354,796)</u>	<u>(1,350,000)</u>	<u>(1,598,844)</u>	<u>(248,844)</u>
Total Other Financing Sources (Uses)	<u>(398,230)</u>	<u>(392,948)</u>	<u>(483,537)</u>	<u>(90,589)</u>
 Net Change in Fund Balances	 <u>(11,154,615)</u>	 <u>(350,327)</u>	 <u>1,450,664</u>	 <u>1,800,991</u>
 Fund Balances - Beginning of Year	 <u>10,630,430</u>	 <u>10,630,430</u>	 <u>10,630,430</u>	 <u>--</u>
 Fund Balances - End of Year	 <u>\$ (524,185)</u>	 <u>\$ 10,280,103</u>	 <u>\$ 12,081,094</u>	 <u>\$ 1,800,991</u>

COUNTY OF SUTTER

Budgetary Comparison Schedule
Public Safety Realignment
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ 32,000	\$ 59,600	\$ 51,422	\$ (8,178)
Intergovernmental	29,308,835	29,308,835	27,879,991	(1,428,844)
Charges for services	1,322,206	1,322,206	1,312,636	(9,570)
Total Revenues	<u>30,663,041</u>	<u>30,690,641</u>	<u>29,244,049</u>	<u>(1,446,592)</u>
Expenditures:				
Current:				
Public protection	--	63,408	15,570	(47,838)
Public assistance	--	200	6,767	6,567
Debt Service:				
Interest	--	--	217	217
Total Expenditures	<u>--</u>	<u>63,608</u>	<u>22,554</u>	<u>(41,054)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>30,663,041</u>	<u>30,627,033</u>	<u>29,221,495</u>	<u>(1,405,538)</u>
Other Financing Sources (Uses):				
Transfers in	3,090,105	9,969,027	--	(9,969,027)
Transfers out	(40,037,088)	(40,713,360)	(27,128,631)	13,584,729
Total Other Financing Sources (Uses)	<u>(36,946,983)</u>	<u>(30,744,333)</u>	<u>(27,128,631)</u>	<u>3,615,702</u>
Net Change in Fund Balances	(6,283,942)	(117,300)	2,092,864	2,210,164
Fund Balances - Beginning of Year	<u>9,113,698</u>	<u>9,113,698</u>	<u>9,113,698</u>	<u>--</u>
Fund Balances - End of Year	<u>\$ 2,829,756</u>	<u>\$ 9,113,698</u>	<u>\$ 11,206,562</u>	<u>\$ 2,210,164</u>



COUNTY OF SUTTER

Note to Required Supplementary Information
For the Year Ended June 30, 2017

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





COUNTY OF SUTTER

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue			
	Road	Special Aviation	Fish & Game	Sutter County Health
Assets				
Cash and investments	\$ 9,035,931	\$ 65,144	\$ 43,174	\$ 24,251
Cash with fiscal agent	--	--	--	--
Accounts receivable	145,973	--	--	3,993
Due from other governments	603,520	--	--	870,412
Interest receivable	31,020	237	143	14
Taxes receivable	33,634	--	--	--
Due from other funds	85,344	--	221	955,408
Prepaid expenses	--	--	--	1,000
Inventory	69,586	--	--	--
Deposits receivable	--	--	--	500
Loans receivable	--	--	--	--
less allowance for doubtful accounts	--	--	--	--
Total Assets	<u>\$ 10,005,008</u>	<u>\$ 65,381</u>	<u>\$ 43,538</u>	<u>\$ 1,855,578</u>
Liabilities				
Accounts payable	\$ --	\$ 9	\$ 21	\$ 86,280
Salaries and benefits payable	37,541	--	--	106,410
Deposits payable	--	--	--	3,858
Due to other funds	489,165	--	--	868,685
Advances from other funds	--	32,047	--	--
Unearned revenue	2,700	--	--	--
Total Liabilities	<u>529,406</u>	<u>32,056</u>	<u>21</u>	<u>1,065,233</u>
Deferred Inflows of Resources				
Unavailable revenue	128,674	--	--	788,298
Fund Balance				
Nonspendable	69,586	--	--	1,000
Restricted	9,277,342	--	43,517	--
Committed	--	33,325	--	--
Assigned	--	--	--	1,047
Unassigned	--	--	--	--
Total Fund Balances	<u>9,346,928</u>	<u>33,325</u>	<u>43,517</u>	<u>2,047</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 10,005,008</u>	<u>\$ 65,381</u>	<u>\$ 43,538</u>	<u>\$ 1,855,578</u>

continued

COUNTY OF SUTTER

Combining Balance Sheet (continued)
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue		
	Child Support Services Reimbursement/ Adjustment	Survey Monument Preservation	Economic Development
Assets			
Cash and investments	\$ 190,639	\$ 41,591	\$ 1,456,352
Cash with fiscal agent	--	--	--
Accounts receivable	--	30	--
Due from other governments	--	--	--
Interest receivable	1,452	138	4,826
Taxes receivable	--	--	--
Due from other funds	407	--	--
Prepaid expenses	--	--	--
Inventory	--	--	--
Deposits receivable	--	--	--
Loans receivable	--	--	1,505,674
less allowance for doubtful accounts	--	--	(1,334,730)
Total Assets	\$ 192,498	\$ 41,759	\$ 1,632,122
Liabilities			
Accounts payable	\$ 5,292	\$ --	\$ 22,412
Salaries and benefits payable	45,928	--	--
Deposits payable	--	--	--
Due to other funds	25	--	--
Advances from other funds	--	--	--
Unearned revenue	--	--	--
Total Liabilities	51,245	--	22,412
Deferred Inflows of Resources			
Unavailable revenue	--	--	--
Fund Balance			
Nonspendable	--	--	191,932
Restricted	141,253	41,759	1,417,778
Committed	--	--	--
Assigned	--	--	--
Unassigned	--	--	--
Total Fund Balances	141,253	41,759	1,609,710
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 192,498	\$ 41,759	\$ 1,632,122

continued

COUNTY OF SUTTER

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2017

	Special Revenue			
	Criminal Justice and Law	County Fees and Taxes	Health Education and Welfare	Local Health and Welfare - Health
Assets				
Cash and investments	\$ 3,626,920	\$ 3,053,700	\$ 3,834,951	\$ 138,064
Cash with fiscal agent	--	--	--	--
Accounts receivable	24,892	--	7,271	--
Due from other governments	1,499,415	--	87,388	--
Interest receivable	12,917	18,812	12,703	--
Taxes receivable	--	--	--	--
Due from other funds	64,489	--	7,025	--
Prepaid expenses	--	--	--	--
Inventory	--	--	--	--
Deposits receivable	--	--	--	--
Loans receivable	--	--	--	--
less allowance for doubtful accounts	--	--	--	--
Total Assets	\$ 5,228,633	\$ 3,072,512	\$ 3,949,338	\$ 138,064
Liabilities				
Accounts payable	\$ 5,721	\$ --	\$ 20,503	\$ --
Salaries and benefits payable	3,958	--	--	--
Deposits payable	--	--	2	--
Due to other funds	1,636,082	--	384,294	--
Advances from other funds	--	625,193	--	--
Unearned revenue	--	--	--	--
Total Liabilities	1,645,761	625,193	404,799	--
Deferred Inflows of Resources				
Unavailable revenue	--	--	--	--
Fund Balance				
Nonspendable	--	--	--	--
Restricted	3,582,872	2,447,319	3,535,831	138,064
Committed	--	--	8,708	--
Assigned	--	--	--	--
Unassigned	--	--	--	--
Total Fund Balances	3,582,872	2,447,319	3,544,539	138,064
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,228,633	\$ 3,072,512	\$ 3,949,338	\$ 138,064

continued

COUNTY OF SUTTER

Combining Balance Sheet (continued)
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue		
	Local Health and Welfare - Social Services	Public Ways and Facilities	Candidates Statement of Election
Assets			
Cash and investments	\$ 12,976,322	\$ 1,622,836	\$ --
Cash with fiscal agent	--	--	--
Accounts receivable	--	--	--
Due from other governments	654,856	--	--
Interest receivable	--	5,445	--
Taxes receivable	--	--	--
Due from other funds	--	--	--
Prepaid expenses	--	--	--
Inventory	--	--	--
Deposits receivable	--	--	--
Loans receivable	--	--	--
less allowance for doubtful accounts	--	--	--
Total Assets	\$ 13,631,178	\$ 1,628,281	\$ --
Liabilities			
Accounts payable	\$ --	\$ 12,024	\$ --
Salaries and benefits payable	--	--	--
Deposits payable	--	81,541	--
Due to other funds	702,216	--	42
Advances from other funds	--	--	--
Unearned revenue	--	47,401	--
Total Liabilities	702,216	140,966	42
Deferred Inflows of Resources			
Unavailable revenue	--	--	--
Fund Balance			
Nonspendable	--	--	--
Restricted	12,928,962	1,487,315	--
Committed	--	--	--
Assigned	--	--	--
Unassigned	--	=	(42)
Total Fund Balances	12,928,962	1,487,315	(42)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 13,631,178	\$ 1,628,281	\$ --

continued

COUNTY OF SUTTER

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2017

	Special Revenue			
	County Recorder Upgrade Fee	Automated County Warrants	ORC Collections	Plan Check Inspection Fees
Assets				
Cash and investments	\$ 680,494	\$ 321,022	\$ 144,516	\$ 273,194
Cash with fiscal agent	--	--	--	--
Accounts receivable	1,584	--	--	--
Due from other governments	--	--	--	--
Interest receivable	2,201	--	--	906
Taxes receivable	--	--	--	--
Due from other funds	--	688	--	--
Prepaid expenses	--	--	--	--
Inventory	--	--	--	--
Deposits receivable	--	--	--	--
Loans receivable	--	--	--	--
less allowance for doubtful accounts	--	--	--	--
	<u>\$ 684,279</u>	<u>\$ 321,710</u>	<u>\$ 144,516</u>	<u>\$ 274,100</u>
Total Assets				
	<u>\$ 684,279</u>	<u>\$ 321,710</u>	<u>\$ 144,516</u>	<u>\$ 274,100</u>
Liabilities				
Accounts payable	\$ --	\$ --	\$ 7,105	\$ --
Salaries and benefits payable	--	--	--	--
Deposits payable	--	--	--	--
Due to other funds	4,029	--	--	--
Advances from other funds	--	--	--	--
Unearned revenue	--	--	112,125	--
	<u>4,029</u>	<u>--</u>	<u>119,230</u>	<u>--</u>
Total Liabilities				
	<u>4,029</u>	<u>--</u>	<u>119,230</u>	<u>--</u>
Deferred Inflows of Resources				
Unavailable revenue	--	--	--	--
	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balance				
Nonspendable	--	--	--	--
Restricted	680,250	321,710	25,286	274,100
Committed	--	--	--	--
Assigned	--	--	--	--
Unassigned	--	--	--	--
	<u>680,250</u>	<u>321,710</u>	<u>25,286</u>	<u>274,100</u>
Total Fund Balances				
	<u>680,250</u>	<u>321,710</u>	<u>25,286</u>	<u>274,100</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances				
	<u>\$ 684,279</u>	<u>\$ 321,710</u>	<u>\$ 144,516</u>	<u>\$ 274,100</u>

continued

COUNTY OF SUTTER

Combining Balance Sheet (continued)
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue			
	Community Services	Animal Control Spay/Neuter	Vital Statistics Recorder	Child Passenger Restraint
Assets				
Cash and investments	\$ 9,759	\$ 181	\$ 66,667	\$ 26,715
Cash with fiscal agent	--	--	--	--
Accounts receivable	--	--	33	--
Due from other governments	--	--	--	--
Interest receivable	32	--	216	88
Taxes receivable	--	--	--	--
Due from other funds	--	--	--	6
Prepaid expenses	--	--	--	--
Inventory	--	--	--	--
Deposits receivable	--	--	--	--
Loans receivable	--	--	--	--
less allowance for doubtful accounts	--	--	--	--
Total Assets	<u>\$ 9,791</u>	<u>\$ 181</u>	<u>\$ 66,916</u>	<u>\$ 26,809</u>
Liabilities				
Accounts payable	\$ --	\$ --	\$ --	\$ --
Salaries and benefits payable	--	--	--	--
Deposits payable	--	80	--	--
Due to other funds	--	--	16,521	14,181
Advances from other funds	--	--	--	--
Unearned revenue	--	--	--	--
Total Liabilities	<u>--</u>	<u>80</u>	<u>16,521</u>	<u>14,181</u>
Deferred Inflows of Resources				
Unavailable revenue	--	--	--	--
Fund Balance				
Nonspendable	--	--	--	--
Restricted	9,791	--	50,395	12,628
Committed	--	101	--	--
Assigned	--	--	--	--
Unassigned	--	--	--	--
Total Fund Balances	<u>9,791</u>	<u>101</u>	<u>50,395</u>	<u>12,628</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 9,791</u>	<u>\$ 181</u>	<u>\$ 66,916</u>	<u>\$ 26,809</u>

continued

COUNTY OF SUTTER

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2017

	Special Revenue			
	Bioterrorism	County Service Areas	Water Agencies	Other Special Districts
Assets				
Cash and investments	\$ 315,327	\$ 2,024,064	\$ 2,366,168	\$ 2,047,802
Cash with fiscal agent	--	--	--	--
Accounts receivable	--	--	--	5,987
Due from other governments	--	111,711	--	--
Interest receivable	1,046	8,979	7,801	7,088
Taxes receivable	--	1,095	226	27
Due from other funds	--	2,619	--	--
Prepaid expenses	--	--	--	--
Inventory	--	--	--	--
Deposits receivable	--	--	--	--
Loans receivable	--	--	--	--
less allowance for doubtful accounts	--	--	--	--
Total Assets	<u>\$ 316,373</u>	<u>\$ 2,148,468</u>	<u>\$ 2,374,195</u>	<u>\$ 2,060,904</u>
Liabilities				
Accounts payable	\$ --	\$ 61,640	\$ 6,916	\$ --
Salaries and benefits payable	--	34,823	--	--
Deposits payable	--	--	--	--
Due to other funds	18,435	5,207	2,557	--
Advances from other funds	--	545,615	--	--
Unearned revenue	--	--	--	165
Total Liabilities	<u>18,435</u>	<u>647,285</u>	<u>9,473</u>	<u>165</u>
Deferred Inflows of Resources				
Unavailable revenue	--	--	--	--
Fund Balance				
Nonspendable	--	--	--	--
Restricted	297,938	1,501,183	2,364,722	2,060,739
Committed	--	--	--	--
Assigned	--	--	--	--
Unassigned	--	--	--	--
Total Fund Balances	<u>297,938</u>	<u>1,501,183</u>	<u>2,364,722</u>	<u>2,060,739</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 316,373</u>	<u>\$ 2,148,468</u>	<u>\$ 2,374,195</u>	<u>\$ 2,060,904</u>

continued

COUNTY OF SUTTER

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2017

	Special Revenue		
	AB109 Front Line Law	SLESF 2012-2013	DJJ Re-Entry
Assets			
Cash and investments	\$ 149,218	\$ 1,104,681	\$ 48,013
Cash with fiscal agent	--	--	--
Accounts receivable	--	--	--
Due from other governments	--	--	--
Interest receivable	495	3,646	159
Taxes receivable	--	--	--
Due from other funds	--	235	--
Prepaid expenses	--	--	--
Inventory	--	--	--
Deposits receivable	--	--	--
Loans receivable	--	--	--
less allowance for doubtful accounts	--	--	--
	<u>\$ 149,713</u>	<u>\$ 1,108,562</u>	<u>\$ 48,172</u>
Total Assets	<u>\$ 149,713</u>	<u>\$ 1,108,562</u>	<u>\$ 48,172</u>
Liabilities			
Accounts payable	\$ --	\$ --	\$ --
Salaries and benefits payable	--	--	--
Deposits payable	--	--	--
Due to other funds	--	220,565	--
Advances from other funds	--	--	--
Unearned revenue	--	--	--
	<u>--</u>	<u>220,565</u>	<u>--</u>
Total Liabilities	<u>--</u>	<u>220,565</u>	<u>--</u>
Deferred Inflows of Resources			
Unavailable revenue	--	--	--
	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balance			
Nonspendable	--	--	--
Restricted	149,713	887,997	48,172
Committed	--	--	--
Assigned	--	--	--
Unassigned	--	--	--
	<u>149,713</u>	<u>887,997</u>	<u>48,172</u>
Total Fund Balances	<u>149,713</u>	<u>887,997</u>	<u>48,172</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 149,713</u>	<u>\$ 1,108,562</u>	<u>\$ 48,172</u>

continued

COUNTY OF SUTTER

Combining Balance Sheet (continued)
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue			
	Landscape District Wildwood	Family Support	Drug Medi-Cal Services	CUPA Judgement/ Settlement
Assets				
Cash and investments	\$ --	\$ 1,700,870	\$ 3,365,130	\$ 5,601
Cash with fiscal agent	--	--	--	--
Accounts receivable	--	--	--	--
Due from other governments	--	111,320	--	--
Interest receivable	--	5,521	11,212	10
Taxes receivable	--	--	--	--
Due from other funds	--	--	79,293	6,500
Prepaid expenses	--	--	--	--
Inventory	--	--	--	--
Deposits receivable	--	--	--	--
Loans receivable	--	--	--	--
less allowance for doubtful accounts	--	--	--	--
Total Assets	<u>\$ --</u>	<u>\$ 1,817,711</u>	<u>\$ 3,455,635</u>	<u>\$ 12,111</u>
Liabilities				
Accounts payable	\$ 5	\$ --	\$ --	\$ --
Salaries and benefits payable	--	--	--	--
Deposits payable	--	--	--	--
Due to other funds	--	1,805,892	--	--
Advances from other funds	--	--	--	--
Unearned revenue	--	--	--	--
Total Liabilities	<u>5</u>	<u>1,805,892</u>	<u>--</u>	<u>--</u>
Deferred Inflows of Resources				
Unavailable revenue	--	--	--	--
Fund Balance				
Nonspendable	--	--	--	--
Restricted	--	11,819	3,455,635	12,111
Committed	--	--	--	--
Assigned	--	--	--	--
Unassigned	(5)	--	--	--
Total Fund Balances	<u>(5)</u>	<u>11,819</u>	<u>3,455,635</u>	<u>12,111</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ --</u>	<u>\$ 1,817,711</u>	<u>\$ 3,455,635</u>	<u>\$ 12,111</u>

COUNTY OF SUTTER

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2017

	Special Revenue		
	MHSA Housing Program	Local Innovation	Total Special Revenue
Assets			
Cash and investments	\$ 1,544,168	\$ 32,967	\$ 52,336,432
Cash with fiscal agent	--	--	--
Accounts receivable	--	--	189,763
Due from other governments	--	--	3,938,622
Interest receivable	56	110	137,273
Taxes receivable	--	--	34,982
Due from other funds	--	--	1,202,235
Prepaid expenses	--	--	1,000
Inventory	--	--	69,586
Deposits receivable	--	--	500
Loans receivable	--	--	1,505,674
less allowance for doubtful accounts	--	--	(1,334,730)
Total Assets	\$ 1,544,224	\$ 33,077	\$ 58,081,337
Liabilities			
Accounts payable	\$ --	\$ --	\$ 227,928
Salaries and benefits payable	--	--	228,660
Deposits payable	--	--	85,481
Due to other funds	--	--	6,167,896
Advances from other funds	--	--	1,202,855
Unearned revenue	--	--	162,391
Total Liabilities	--	--	\$ 8,075,211
Deferred Inflows of Resources			
Unavailable revenue	--	--	916,972
Fund Balance			
Nonspendable	--	--	262,518
Restricted	1,544,224	33,077	48,783,502
Committed	--	--	42,134
Assigned	--	--	1,047
Unassigned	--	--	(47)
Total Fund Balances	1,544,224	33,077	49,089,154
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,544,224	\$ 33,077	\$ 58,081,337

continued

COUNTY OF SUTTER

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2017

	Debt Service	Capital Projects	Permanent Funds	
	General Debt Service	Capital Projects	Live Oak Library Endowment	Total
Assets				
Cash and investments	\$ --	\$ 4,422,435	\$ 29,862	\$ 56,788,729
Cash with fiscal agent	--	180,327	--	180,327
Accounts receivable	--	--	--	189,763
Due from other governments	--	--	--	3,938,622
Interest receivable	3	5,167	--	142,443
Taxes receivable	--	--	--	34,982
Due from other funds	--	--	--	1,202,235
Prepaid expenses	--	--	--	1,000
Inventory	--	--	--	69,586
Deposits receivable	--	--	--	500
Loans receivable	--	--	--	1,505,674
less allowance for doubtful accounts	--	--	--	(1,334,730)
Total Assets	<u>\$ 3</u>	<u>\$ 4,607,929</u>	<u>\$ 29,862</u>	<u>\$ 62,719,131</u>
Liabilities				
Accounts payable	\$ --	\$ 260,642	\$ --	\$ 488,570
Salaries and benefits payable	--	--	--	228,660
Deposits payable	--	--	--	85,481
Due to other funds	79	--	--	6,167,975
Advances from other funds	--	--	--	1,202,855
Unearned revenue	--	--	--	162,391
Total Liabilities	<u>79</u>	<u>260,642</u>	<u>--</u>	<u>8,335,932</u>
Deferred Inflows of Resources				
Unavailable revenue	--	--	--	916,972
Fund Balance				
Nonspendable	--	--	29,862	292,380
Restricted	--	--	--	48,783,502
Committed	--	4,347,287	--	4,389,421
Assigned	--	--	--	1,047
Unassigned	(76)	--	--	(123)
Total Fund Balances	<u>(76)</u>	<u>4,347,287</u>	<u>29,862</u>	<u>53,466,227</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3</u>	<u>\$ 4,607,929</u>	<u>\$ 29,862</u>	<u>\$ 62,719,131</u>

COUNTY OF SUTTER

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue			
	Road	Special Aviation	Fish & Game	Sutter County Health
Revenues:				
Taxes	\$ 946,627	\$ 11,684	\$ --	\$ --
Licenses and permits	34,750	--	--	--
Fines and forfeitures	--	--	2,245	861
Use of money and property	48,010	18,036	229	57,304
Intergovernmental	4,720,112	10,000	--	2,542,561
Charges for services	23,753	--	--	3,610,275
Other revenues	19,995	84,492	--	379
Total Revenues	5,793,247	124,212	2,474	6,211,380
Expenditures:				
Current:				
General government	--	--	--	--
Public protection	--	--	2,749	--
Public ways and facilities	5,203,074	69,826	--	--
Health and sanitation	--	--	--	8,450,040
Public assistance	--	--	--	--
Education	--	--	--	--
Recreation and culture	--	--	--	--
Community development	--	--	--	--
Debt service				
Principal	--	--	--	--
Interest	--	--	--	--
Capital outlay	407,067	--	--	128,272
Total Expenditures	5,610,141	69,826	2,749	8,578,312
Excess (Deficiency) of Revenues Over (Under) Expenditures	183,106	54,386	(275)	(2,366,932)
Other Financing Sources (Uses):				
Proceeds on sale of capital assets	48,920	--	--	4,005
Transfers in	--	--	--	2,443,176
Transfers out	(17,979)	--	--	(80,573)
Total Other Financing Sources (Uses)	30,941	--	--	2,366,608
Net Change in Fund Balances	214,047	54,386	(275)	(324)
Fund Balances - Beginning of Year	9,132,881	(21,061)	43,792	2,371
Fund Balances - End of Year	\$ 9,346,928	\$ 33,325	\$ 43,517	\$ 2,047

continued

COUNTY OF SUTTER

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue		
	Child Support Services Reimbursement/ Adjustment	Survey Monument Preservation	Economic Development
Revenues:			
Taxes	\$ --	\$ --	\$ --
Licenses and permits	--	1,560	--
Fines and forfeitures	--	--	--
Use of money and property	3,971	210	18,183
Intergovernmental	2,849,304	--	--
Charges for services	--	--	48,783
Other revenues	--	--	--
Total Revenues	2,853,275	1,770	66,966
Expenditures:			
Current:			
General government	--	--	69,251
Public protection	2,824,155	--	--
Public ways and facilities	--	51	--
Health and sanitation	--	--	--
Public assistance	--	--	488
Education	--	--	--
Recreation and culture	--	--	--
Community development	--	--	--
Debt service			
Principal	--	--	--
Interest	--	--	--
Capital outlay	--	--	--
Total Expenditures	2,824,155	51	69,739
Excess (Deficiency) of Revenues Over (Under) Expenditures	29,120	1,719	(2,773)
Other Financing Sources (Uses):			
Proceeds on sale of capital assets	--	--	--
Transfers in	--	--	--
Transfers out	(9,142)	--	--
Total Other Financing Sources (Uses)	(9,142)	--	--
Net Change in Fund Balances	19,978	1,719	(2,773)
Fund Balances - Beginning of Year	121,275	40,040	1,612,483
Fund Balances - End of Year	\$ 141,253	\$ 41,759	\$ 1,609,710

continued

COUNTY OF SUTTER

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue			
	Criminal Justice and Law	County Fees and Taxes	Health Education and Welfare	Local Health and Welfare - Health
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	148,974	1,256	--
Fines and forfeitures	152,354	--	103,011	--
Use of money and property	19,177	54,995	20,248	(1,203)
Intergovernmental	8,033,739	--	420,964	--
Charges for services	56,563	--	53,119	--
Other revenues	443,436	--	14,350	--
Total Revenues	8,705,269	203,969	612,948	(1,203)
Expenditures:				
Current:				
General government	--	1,080	133	--
Public protection	351,674	2,181	19,309	--
Public ways and facilities	--	375	--	--
Health and sanitation	--	2,480	83,057	--
Public assistance	--	--	1,324	--
Education	--	252	6	--
Recreation and culture	--	1,000	--	--
Community development	--	--	--	--
Debt service				
Principal	--	--	--	--
Interest	--	--	--	--
Capital outlay	--	--	--	--
Total Expenditures	351,674	7,368	103,829	--
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,353,595	196,601	509,119	(1,203)
Other Financing Sources (Uses):				
Proceeds on sale of capital assets	--	--	--	--
Transfers in	433,345	--	435,098	3,621,771
Transfers out	(8,315,196)	(3,436,241)	(1,182,064)	(3,621,771)
Total Other Financing Sources (Uses)	(7,881,851)	(3,436,241)	(746,966)	--
Net Change in Fund Balances	471,744	(3,239,640)	(237,847)	(1,203)
Fund Balances - Beginning of Year	3,111,128	5,686,959	3,782,386	139,267
Fund Balances - End of Year	\$ 3,582,872	\$ 2,447,319	\$ 3,544,539	\$ 138,064

continued

COUNTY OF SUTTER

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue		
	Local Health and Welfare - Social Services	Public Ways and Facilities	Candidates Statement of Election
Revenues:			
Taxes	\$ --	\$ --	\$ --
Licenses and permits	--	--	--
Fines and forfeitures	--	--	--
Use of money and property	(113,199)	8,705	--
Intergovernmental	5,218,549	--	--
Charges for services	--	--	7,659
Other revenues	--	--	--
Total Revenues	5,105,350	8,705	7,659
Expenditures:			
Current:			
General government	--	20	--
Public protection	--	--	--
Public ways and facilities	--	2,035	--
Health and sanitation	--	--	--
Public assistance	--	--	--
Education	--	--	--
Recreation and culture	--	--	--
Community development	--	--	--
Debt service			
Principal	--	--	--
Interest	--	--	--
Capital outlay	--	--	--
Total Expenditures	--	2,055	--
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,105,350	6,650	7,659
Other Financing Sources (Uses):			
Proceeds on sale of capital assets	--	--	--
Transfers in	190,656	--	--
Transfers out	(3,450,792)	(40,000)	(7,660)
	<u>(3,260,136)</u>	<u>(40,000)</u>	<u>(7,660)</u>
Net Change in Fund Balances	1,845,214	(33,350)	(1)
Fund Balances - Beginning of Year	11,083,748	1,520,665	(41)
Fund Balances - End of Year	\$ 12,928,962	\$ 1,487,315	\$ (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, 2017

	Special Revenue			
	County Recorder Upgrade Fee	Automated County Warrants	ORC Collections	Plan Check Inspection Fees
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--
Fines and forfeitures	--	15,134	--	--
Use of money and property	2,666	(2,798)	(1,369)	1,450
Intergovernmental	--	--	--	--
Charges for services	146,572	--	13,253	--
Other revenues	--	--	--	--
Total Revenues	149,238	12,336	11,884	1,450
Expenditures:				
Current:				
General government	765	--	--	345
Public protection	--	--	--	--
Public ways and facilities	--	--	--	--
Health and sanitation	--	--	--	--
Public assistance	--	--	--	--
Education	--	--	--	--
Recreation and culture	--	--	--	--
Community development	--	--	--	--
Debt service				
Principal	--	--	--	--
Interest	--	--	--	--
Capital outlay	--	--	--	--
Total Expenditures	765	--	--	345
Excess (Deficiency) of Revenues Over (Under) Expenditures	148,473	12,336	11,884	1,105
Other Financing Sources (Uses):				
Proceeds on sale of capital assets	--	--	--	--
Transfers in	--	--	--	--
Transfers out	(4,029)	--	--	--
Total Other Financing Sources (Uses)	(4,029)	--	--	--
Net Change in Fund Balances	144,444	12,336	11,884	1,105
Fund Balances - Beginning of Year	535,806	309,374	13,402	272,995
Fund Balances - End of Year	\$ 680,250	\$ 321,710	\$ 25,286	\$ 274,100

continued

COUNTY OF SUTTER

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue			
	Community Services	Animal Control Spay/Neuter	Vital Statistics Recorder	Child Passenger Restraint
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses and permits	212	--	--	--
Fines and forfeitures	--	--	--	412
Use of money and property	50	--	287	138
Intergovernmental	--	--	--	--
Charges for services	--	--	13,155	--
Other revenues	--	--	--	--
Total Revenues	<u>262</u>	<u>--</u>	<u>13,442</u>	<u>550</u>
Expenditures:				
Current:				
General government	12	--	78	--
Public protection	--	--	--	--
Public ways and facilities	--	--	--	--
Health and sanitation	--	--	--	33
Public assistance	--	--	--	--
Education	--	--	--	--
Recreation and culture	--	--	--	--
Community development	--	--	--	--
Debt service				
Principal	--	--	--	--
Interest	--	--	--	--
Capital outlay	--	--	--	--
Total Expenditures	<u>12</u>	<u>--</u>	<u>78</u>	<u>33</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>250</u>	<u>--</u>	<u>13,364</u>	<u>517</u>
Other Financing Sources (Uses):				
Proceeds on sale of capital assets	--	--	--	--
Transfers in	--	--	--	--
Transfers out	--	--	(16,521)	(14,181)
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(16,521)</u>	<u>(14,181)</u>
Net Change in Fund Balances	250	--	(3,157)	(13,664)
Fund Balances - Beginning of Year	<u>9,541</u>	<u>101</u>	<u>53,552</u>	<u>26,292</u>
Fund Balances - End of Year	<u>\$ 9,791</u>	<u>\$ 101</u>	<u>\$ 50,395</u>	<u>\$ 12,628</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, 2017

	Special Revenue			
	Bioterrorism	County Service Areas	Water Agencies	Other Special Districts
Revenues:				
Taxes	\$ --	\$ 2,877,681	\$ 155,933	\$ 201,813
Licenses and permits	--	--	--	--
Fines and forfeitures	--	457	--	--
Use of money and property	1,675	12,082	12,438	11,429
Intergovernmental	15,122	35,121	5,499	821
Charges for services	--	865,404	45,012	10,552
Other revenues	--	1,654	--	--
Total Revenues	<u>16,797</u>	<u>3,792,399</u>	<u>218,882</u>	<u>224,615</u>
Expenditures:				
Current:				
General government	--	--	--	--
Public protection	--	--	--	--
Public ways and facilities	--	3,421,543	81,434	178,270
Health and sanitation	398	--	--	--
Public assistance	--	--	--	--
Education	--	--	--	--
Recreation and culture	--	--	--	--
Community development	--	--	--	--
Debt service				
Principal	--	--	--	--
Interest	--	--	--	--
Capital outlay	--	--	--	--
Total Expenditures	<u>398</u>	<u>3,421,543</u>	<u>81,434</u>	<u>178,270</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>16,399</u>	<u>370,856</u>	<u>137,448</u>	<u>46,345</u>
Other Financing Sources (Uses):				
Proceeds on sale of capital assets	--	1,456	--	--
Transfers in	--	--	40,000	--
Transfers out	(18,435)	(22,264)	(142,412)	--
Total Other Financing Sources (Uses)	<u>(18,435)</u>	<u>(20,808)</u>	<u>(102,412)</u>	<u>--</u>
Net Change in Fund Balances	(2,036)	350,048	35,036	46,345
Fund Balances - Beginning of Year	<u>299,974</u>	<u>1,151,135</u>	<u>2,329,686</u>	<u>2,014,394</u>
Fund Balances - End of Year	<u>\$ 297,938</u>	<u>\$ 1,501,183</u>	<u>\$ 2,364,722</u>	<u>\$ 2,060,739</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, 2017

	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	792	5,188	237
Intergovernmental	--	--	--
Charges for services	--	--	--
Other revenues	--	--	--
Total Revenues	792	5,188	237
Expenditures:			
Current:			
General government	--	--	--
Public protection	188	1,323	59
Public ways and facilities	--	--	--
Health and sanitation	--	--	--
Public assistance	--	--	--
Education	--	--	--
Recreation and culture	--	--	--
Community development	--	--	--
Debt service			
Principal	--	--	--
Interest	--	--	--
Capital outlay	--	--	--
Total Expenditures	188	1,323	59
Excess (Deficiency) of Revenues Over (Under) Expenditures	604	3,865	178
Other Financing Sources (Uses):			
Proceeds on sale of capital assets	--	--	--
Transfers in	--	545,921	4,408
Transfers out	--	(549,779)	--
Total Other Financing Sources (Uses)	--	(3,858)	4,408
Net Change in Fund Balances	604	7	4,586
Fund Balances - Beginning of Year	149,109	887,990	43,586
Fund Balances - End of Year	\$ 149,713	\$ 887,997	\$ 48,172

continued

COUNTY OF SUTTER

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue			
	Landscape District Wildwood	Family Support	Drug Medi-Cal Services	CUPA Judgement/ Settlement
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--
Fines and forfeitures	--	--	--	12,150
Use of money and property	--	668	19,309	(38)
Intergovernmental	--	2,460,495	--	--
Charges for services	--	--	--	--
Other revenues	--	--	--	--
Total Revenues	--	2,461,163	19,309	12,112
Expenditures:				
Current:				
General government	--	--	--	--
Public protection	--	--	--	1
Public ways and facilities	--	--	--	--
Health and sanitation	--	--	4,392	--
Public assistance	--	1,282	--	--
Education	--	--	--	--
Recreation and culture	--	--	--	--
Community development	--	--	--	--
Debt service				
Principal	--	--	--	--
Interest	--	--	--	--
Capital outlay	--	--	--	--
Total Expenditures	--	1,282	4,392	1
Excess (Deficiency) of Revenues Over (Under) Expenditures	--	2,459,881	14,917	12,111
Other Financing Sources (Uses):				
Proceeds on sale of capital assets	--	--	--	--
Transfers in	--	--	564,506	--
Transfers out	--	(2,842,548)	(518,248)	--
Total Other Financing Sources (Uses)	--	(2,842,548)	46,258	--
Net Change in Fund Balances	--	(382,667)	61,175	12,111
Fund Balances - Beginning of Year	(5)	394,486	3,394,460	--
Fund Balances - End of Year	\$ (5)	\$ 11,819	\$ 3,455,635	\$ 12,111

COUNTY OF SUTTER

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue		
	MHSA Housing Program	Local Innovation	Total Special Revenue
Revenues:			
Taxes	\$ --	\$ --	\$ 4,193,738
Licenses and permits	--	--	186,752
Fines and forfeitures	--	--	286,624
Use of money and property	(13,451)	62	185,481
Intergovernmental	1,557,679	--	27,869,966
Charges for services	--	--	4,894,100
Other revenues	--	--	564,306
Total Revenues	<u>1,544,228</u>	<u>62</u>	<u>38,180,967</u>
Expenditures:			
Current:			
General government	--	--	71,684
Public protection	--	29	3,201,668
Public ways and facilities	--	--	8,956,608
Health and sanitation	4	--	8,540,404
Public assistance	--	--	3,094
Education	--	--	258
Recreation and culture	--	--	1,000
Community development	--	--	--
Debt service			
Principal	--	--	--
Interest	--	--	--
Capital outlay	--	--	535,339
Total Expenditures	<u>4</u>	<u>29</u>	<u>21,310,055</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,544,224</u>	<u>33</u>	<u>16,870,912</u>
Other Financing Sources (Uses):			
Proceeds on sale of capital assets	--	--	54,381
Transfers in	--	33,044	8,311,925
Transfers out	--	--	(24,289,835)
Total Other Financing Sources (Uses)	<u>--</u>	<u>33,044</u>	<u>(15,923,529)</u>
Net Change in Fund Balances	1,544,224	33,077	947,383
Fund Balances - Beginning of Year	<u>--</u>	<u>--</u>	<u>48,141,771</u>
Fund Balances - End of Year	<u>\$ 1,544,224</u>	<u>\$ 33,077</u>	<u>\$ 49,089,154</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, 2017

	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent Funds</u>	
	General Debt Service	Capital Projects	Live Oak Library Endowment	<u>Total</u>
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ 4,193,738
Licenses and permits	--	--	--	186,752
Fines and forfeitures	--	--	--	286,624
Use of money and property	(81)	(25,167)	(261)	159,972
Intergovernmental	--	--	--	27,869,966
Charges for services	--	--	--	4,894,100
Other revenues	3,177	--	--	567,483
Total Revenues	<u>3,096</u>	<u>(25,167)</u>	<u>(261)</u>	<u>38,158,635</u>
Expenditures:				
Current:				
General government	--	1,152,023	--	1,223,707
Public protection	--	--	--	3,201,668
Public ways and facilities	--	--	--	8,956,608
Health and sanitation	--	27,920	--	8,568,324
Public assistance	--	--	--	3,094
Education	--	--	--	258
Recreation and culture	--	--	--	1,000
Community development	--	--	--	--
Debt service				
Principal	83,848	--	--	83,848
Interest	6,377	--	--	6,377
Capital outlay	--	1,544,103	--	2,079,442
Total Expenditures	<u>90,225</u>	<u>2,724,046</u>	<u>--</u>	<u>24,124,326</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(87,129)</u>	<u>(2,749,213)</u>	<u>(261)</u>	<u>14,034,309</u>
Other Financing Sources (Uses):				
Proceeds on sale of capital assets	--	--	--	54,381
Transfers in	87,053	7,085,975	--	15,484,953
Transfers out	--	(1,525,294)	--	(25,815,129)
Total Other Financing Sources (Uses)	<u>87,053</u>	<u>5,560,681</u>	<u>--</u>	<u>(10,275,795)</u>
Net Change in Fund Balances	(76)	2,811,468	(261)	3,758,514
Fund Balances - Beginning of Year	--	1,535,819	30,123	49,707,713
Fund Balances - End of Year	<u>\$ (76)</u>	<u>\$ 4,347,287</u>	<u>\$ 29,862</u>	<u>\$ 53,466,227</u>

COUNTY OF SUTTER

Combining Statement of Net Position
Internal Service Funds
June 30, 2017

	Risk Management		Fleet Management
	General Liability	Workers' Compensation	
Assets			
Current Assets:			
Cash and investments	\$ 42,564	\$ 38,413	\$ 392,598
Cash with fiscal agent	745,000	--	--
Accounts receivable	--	--	2,914
Interest receivable	2,892	(1,550)	(2,339)
Taxes receivable	--	--	--
Due from other funds	--	--	--
Deposits with others	--	--	--
Prepaid expenses	--	--	--
Inventory	--	--	12,760
Total Current Assets	790,456	36,863	405,933
Noncurrent Assets:			
Capital assets:			
Construction in progress	--	--	--
Depreciable, net	--	1,057	108,102
Total Noncurrent Assets	--	1,057	108,102
Total Assets	790,456	37,920	514,035
Deferred Outflows of Resources:			
Deferred pension	46,074	2,237	60,052
Liabilities			
Current Liabilities:			
Accounts payable	29	897	18,849
Salaries and benefits payable	590	4,921	7,203
Due to other funds	--	--	155,803
Capital lease payable	--	352	862
Compensated absences payable	--	4,096	20,684
Claims payable	720,000	--	--
Total Current Liabilities	720,619	10,266	203,401
Noncurrent Liabilities:			
Capital lease payable	--	800	1,958
Compensated absences payable	--	329	1,664
Net pension liability	449,390	20,043	583,155
Total Noncurrent Liabilities	449,390	21,172	586,777
Total Liabilities	1,170,009	31,438	790,178
Deferred Inflows of Resources:			
Deferred pension	57,634	1,794	73,673
Net Position:			
Net investment in capital assets	--	(95)	105,282
Unrestricted (deficit)	(391,113)	7,020	(395,046)
Total Net Position	\$ (391,113)	\$ 6,925	\$ (289,764)

continued

COUNTY OF SUTTER

Combining Statement of Net Position (continued)
Internal Service Funds
June 30, 2017

	<u>Information Technology</u>	<u>Employee Wellness</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and investments	\$ 1,276,772	\$ 2,891	\$ 1,753,238
Cash with fiscal agent	--	--	745,000
Accounts receivable	--	--	2,914
Interest receivable	14,139	--	13,142
Taxes receivable	--	--	--
Due from other funds	2,197	--	2,197
Deposits with others	--	--	--
Prepaid expenses	--	--	--
Inventory	--	--	12,760
Total Current Assets	<u>1,293,108</u>	<u>2,891</u>	<u>2,529,251</u>
Noncurrent Assets:			
Capital assets:			
Construction in progress	84,935	--	84,935
Depreciable, net	489,534	--	598,693
Total Noncurrent Assets	<u>574,469</u>	<u>--</u>	<u>683,628</u>
Total Assets	<u>1,867,577</u>	<u>2,891</u>	<u>3,212,879</u>
Deferred Outflows of Resources:			
Deferred pension	264,255	--	372,618
	<u>264,255</u>	<u>--</u>	<u>372,618</u>
Liabilities			
Current Liabilities:			
Accounts payable	52,859	5,748	78,382
Salaries and benefits payable	45,936	--	58,650
Due to other funds	--	--	155,803
Capital lease payable	1,168	--	2,382
Compensated absences payable	185,689	--	210,469
Claims payable	--	--	720,000
Total Current Liabilities	<u>285,652</u>	<u>5,748</u>	<u>1,225,686</u>
Noncurrent Liabilities:			
Capital lease payable	2,652	--	5,410
Compensated absences payable	14,936	--	16,929
Net pension liability	2,562,268	--	3,614,856
Total Noncurrent Liabilities	<u>2,579,856</u>	<u>--</u>	<u>3,637,195</u>
Total Liabilities	<u>2,865,508</u>	<u>5,748</u>	<u>4,862,881</u>
Deferred Inflows of Resources:			
Deferred pension	321,999	--	455,100
	<u>321,999</u>	<u>--</u>	<u>455,100</u>
Net Position:			
Net investment in capital assets	570,649	--	675,836
Unrestricted (deficit)	(1,626,324)	(2,857)	(2,408,320)
Total Net Position	<u>\$ (1,055,675)</u>	<u>\$ (2,857)</u>	<u>\$ (1,732,484)</u>

COUNTY OF SUTTER

Combining Statement of Revenues, Expenses and
Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2017

	Risk Management		
	General Liability	Workers' Compensation	Fleet Management
Operating Revenues:			
Charges for services	\$ 605,121	\$ 1,974,683	\$ 601,232
Other revenue	58,069	501,016	--
Total Operating Revenues	663,190	2,475,699	601,232
Operating Expenses:			
Salaries and benefits	39,429	174,084	358,757
Services and supplies	704,028	2,403,894	494,916
Depreciation	--	352	4,676
Total Operating Expenses	743,457	2,578,330	858,349
Net Operating Income (Loss)	(80,267)	(102,631)	(257,117)
Non-Operating Revenues (Expenses):			
Interest income (expense)	55	(4,685)	(759)
Fines and penalties	1,018	--	--
Miscellaneous	--	--	13,814
Total Non-Operating Revenues and Expenses	1,073	(4,685)	13,055
Net Income (Loss) Before Transfers	(79,194)	(107,316)	(244,062)
Transfers out	--	(352)	(5,803)
Change in Net Position	(79,194)	(107,668)	(249,865)
Net Position - Beginning of Year	(311,919)	114,593	(39,899)
Net Position - End of Year	\$ (391,113)	\$ 6,925	\$ (289,764)

continued

COUNTY OF SUTTER

Combining Statement of Revenues, Expenses and
Changes in Net Position (continued)
Internal Service Funds
For the Year Ended June 30, 2017

	<u>Information Technology</u>	<u>Employee Wellness</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 3,419,866	\$ 724,066	\$ 7,324,968
Other revenue	--	--	559,085
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	3,419,866	724,066	7,884,053
	<hr/>	<hr/>	<hr/>
Operating Expenses:			
Salaries and benefits	2,002,016	--	2,574,286
Services and supplies	1,440,588	728,099	5,771,525
Depreciation	159,548	--	164,576
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	3,602,152	728,099	8,510,387
	<hr/>	<hr/>	<hr/>
Net Operating Income (Loss)	(182,286)	(4,033)	(626,334)
	<hr/>	<hr/>	<hr/>
Non-Operating Revenues (Expenses):			
Interest income (expense)	(12,341)	(84)	(17,814)
Fines and penalties	--	--	1,018
Miscellaneous	16,793	1,246	31,853
	<hr/>	<hr/>	<hr/>
Total Non-Operating Revenues and Expenses	4,452	1,162	15,057
	<hr/>	<hr/>	<hr/>
Net Income (Loss) Before Transfers	(177,834)	(2,871)	(611,277)
	<hr/>	<hr/>	<hr/>
Transfers out	(9,139)	--	(15,294)
	<hr/>	<hr/>	<hr/>
Change in Net Position	(186,973)	(2,871)	(626,571)
	<hr/>	<hr/>	<hr/>
Net Position - Beginning of Year	(868,702)	14	(1,105,913)
	<hr/>	<hr/>	<hr/>
Net Position - End of Year	<u>\$ (1,055,675)</u>	<u>\$ (2,857)</u>	<u>\$ (1,732,484)</u>

COUNTY OF SUTTER

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2017

	Risk Management					Total
	General Liability	Workers' Compensation	Fleet Management	Information Technology	Employee Wellness	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash receipts from customers	\$ 663,190	\$ 2,475,699	\$ 603,276	\$ 3,746,230	\$ 724,066	\$ 8,212,461
Cash paid to suppliers for goods and services	(703,999)	(2,408,994)	(526,482)	(1,542,315)	(727,326)	(5,909,116)
Cash paid to employees	(37,473)	(181,032)	(371,794)	(2,027,875)	--	(2,618,174)
Net Cash Provided (Used) by Operating Activities	<u>(78,282)</u>	<u>(114,327)</u>	<u>(295,000)</u>	<u>176,040</u>	<u>(3,260)</u>	<u>(314,829)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Interfund loans received	28,964		88	47,167	46,509	122,728
Interfund loans paid	--	(199)	--	(121,169)	(41,520)	(162,888)
Transfers in	--	--	75,091	--	--	75,091
Transfers out	--	(352)	(5,803)	(9,139)	--	(15,294)
Miscellaneous revenue	1,018		13,814	16,793	1,246	32,871
Net Cash Provided (Used) by Noncapital Financing Activities	<u>29,982</u>	<u>(551)</u>	<u>83,190</u>	<u>(66,348)</u>	<u>6,235</u>	<u>52,508</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Principal payments on capital leases	--	--	--	--	--	--
Payments related to the acquisition of capital assets	--	5,029	(100,801)	(315,115)	--	(410,887)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>--</u>	<u>5,029</u>	<u>(100,801)</u>	<u>(315,115)</u>	<u>--</u>	<u>(410,887)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received (paid)	(2,526)	(2,617)	2,238	(26,191)	(84)	(29,180)
Net Cash Provided (Used) by Investing Activities	<u>(2,526)</u>	<u>(2,617)</u>	<u>2,238</u>	<u>(26,191)</u>	<u>(84)</u>	<u>(29,180)</u>
Net Increase (Decrease) In Cash and Cash Equivalents	(50,826)	(112,466)	(310,373)	(231,614)	2,891	(702,388)
Cash and Cash Equivalents, Beginning of Year	\$ 838,390	\$ 150,879	\$ 702,971	\$ 1,508,386	\$ --	\$ 3,200,626
Cash and Cash Equivalents, End of Year	\$ 787,564	\$ 38,413	\$ 392,598	\$ 1,276,772	\$ 2,891	\$ 2,498,238
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating income (loss)	\$ (80,267)	\$ (102,631)	\$ (257,117)	\$ (182,286)	\$ (4,033)	\$ (626,334)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	--	352	4,676	159,548	--	164,576
Changes in assets and liabilities:						
Decrease (increase) in:						
Accounts receivable	--	--	2,044	--	--	2,044
Deposits and prepaid expenses	--	--	--	326,364	--	326,364
Inventory	--	--	(1,499)	--	--	(1,499)
Increase (decrease) in:						
Accounts payable	29	(5,100)	(30,067)	(101,727)	773	(136,092)
Salaries and benefits payable	(662)	113	(11,769)	(65,964)	--	(78,282)
Compensated absences payable	--	(433)	2,484	25,804	--	27,855
Claims liability	--	--	--	--	--	--
Net pension liability	2,618	(6,628)	(3,752)	14,301	--	6,539
Net Cash Provided (Used) by Operating Activities	\$ (78,282)	\$ (114,327)	\$ (295,000)	\$ 176,040	\$ (3,260)	\$ (314,829)