

COUNTY OF COLUSA, CALIFORNIA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2018



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INTRODUCTORY SECTION

**COUNTY OF COLUSA, CALIFORNIA
COUNTY OFFICIALS
YEAR ENDED JUNE 30, 2018**

ELECTED OFFICIALS

Supervisor, District 1.....	Kim Dolbow-Vann
Supervisor, District 2.....	John D. Loudon
Supervisor, District 3.....	Kent S. Boes
Supervisor, District 4.....	Gary J. Evans
Supervisor, District 5.....	Denise J. Carter
Assessor.....	Arnold Gross Jr.
Auditor/Controller.....	Peggy Scroggins
Clerk/Recorder.....	Rose Gallo-Vasquez
District Attorney.....	Matthew Beauchamp
Sheriff/Coroner.....	Joe Garofalo
Treasurer/Tax Collector.....	Daniel Charter

DEPARTMENT DIRECTORS/ADMINISTRATORS

County Administrative Officer.....	Wendy G. Tyler
Agricultural Commissioner.....	Greg Hinton
Chief Probation Officer.....	William Fenton
Child Support Services Director.....	John Contreras
County Counsel.....	Marcos Kropf
County Librarian.....	Stacey Costello
Behavioral Health Director.....	Terence Rooney
Cooperative Extension Director.....	Luis Espino
Health and Human Services Director.....	Elizabeth Kelly
Human Resources Director.....	Cindy Lovelace
Planning and Building Director.....	Greg Plucker
Public Works Director.....	Scott Lanphier
Transit Manager.....	Thomas Simms

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Board of Supervisors
County of Colusa
Colusa, 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 Colusa (County), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the entity'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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Prior period adjustments

As described in Note 12, the County adopted the provisions of Governmental Accounting Standards Board Statement (GASBS) No. 75, Accounting and Financial Reporting for Postemployment Plans Other than Pensions. As a result of the implementation of GASBS No. 75, the County reported a restatement for the change in accounting principle. Additionally, as described in Note 12, the financial statements for the year ended June 30, 2018, reflect certain adjustments reflecting prior periods. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Other Information

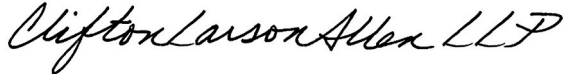
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section and the combining fund statements are presented for purposes of additional analysis and are not a required part of the basic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

The combining fund statements are 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 combining fund statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2019 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Roseville, California
March 28, 2019

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**COUNTY OF COLUSA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

As management of the County of Colusa, California (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, 2018. We encourage readers to consider the information presented here in conjunction with additional information in our Financial Statements.

FINANCIAL HIGHLIGHTS

Government-Wide Financial Analysis

The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows at the close of the 2017-18 fiscal year by \$31,826,500 (net position).

- \$58,908,137 was invested in capital assets, net of accumulated depreciation, related outstanding debt, and related deferred inflows of resources, an increase of 4.39%.
- \$33,001,453 was restricted for specific purposes (restricted net position), an increase of 36.86%.
- \$(60,083,090) was available to meet ongoing obligations to citizens and creditors (unrestricted net position), an increase of 57.57%.

The County's total net position decreased from \$42,415,000 to \$31,826,500, a decrease of \$10,588,500 at the close of the 2017-18 fiscal year.

- The governmental activities net position decreased by \$10,278,670 (22.6%) to a total of \$35,205,924.
- The business-type activities net position decreased by \$309,830 (10.09%) increasing the deficit to \$(3,379,424).

Financial Analysis of County Funds

The County's governmental funds reported combined ending fund balances of \$35,843,915, a decrease of \$4,540,647 in comparison with the prior year.

- \$153,052 of the combined fund balance, .43%, is not in a spendable form or is legally or contractually required to be maintained intact (nonspendable fund balance)
- \$28,211,348 of the combined fund balance, 78.70%, can only be spent for specific purposes, stipulated by law or externally imposed requirements (restricted fund balance)
- \$7,479,515 of the combined fund balance, 20.87%, is available to meet the County's current and future needs (unrestricted fund balance, which includes committed, assigned, and unassigned fund balances).

The County's available (committed, assigned, and unassigned) fund balance for the General fund was \$7,031,594 at June 30, 2018.

- This is a decrease of \$9,433,907, or 57.19%, over the prior year's available fund balance.
- This available fund balance also equates to 27.49% of the total General fund expenditures for the year.

**COUNTY OF COLUSA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

The County's nonspendable and restricted fund balance for the General fund was \$39,903 and \$2,293,960, respectively.

Capital Assets and Long-Term Debt

The County's total investment in capital assets increased by \$2,401,292, to a total of \$59,130,858, net of depreciation.

The County's long-term debt decreased by \$340,070 in comparison with the prior year. Starting in 2015-16, the net pension liability and net OPEB obligation are shown individually from long-term debt. The net pension liability increased \$11,161,954 to a total of \$70,853,184, and the net OPEB liability, under GASB 75, is currently \$5,139,746.

DESCRIPTION OF THE BASIC FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the County's Basic Financial Statements. The County's Basic Financial Statements include three components:

- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to the Basic Financial Statements

Required Supplementary Information is included in addition to the Basic Financial Statements.

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

The Statement of Net Position presents information on all of the County's Assets, Deferred Outflows, Liabilities, and Deferred Inflows, with the difference reported as Net Position. Over time, increases or decreases in Net Position are a useful indicator of an improving or deteriorating County financial position.

The Statement of Activities presents the most recent fiscal year changes in the County's net position. 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. The statement reports items resulting in cash flows in the future fiscal periods (e.g., uncollected taxes, long-term loans, and earned but unused vacation leave) as revenues and expenses in this statement.

The Government-Wide Financial Statements distinguish functions of the County principally supported by taxes and intergovernmental revenues (governmental activities) from other functions intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities grouped by function of the County include General Government, Public Protection, Public Ways and Facilities, Health and Sanitation, Public Assistance, Education, Recreation and Cultural Services, and Interest on Long-Term Debt. The business-type activities of the County include the Solid Waste Enterprise, the Airport Enterprise, and the East Park Reservoir Enterprise.

**COUNTY OF COLUSA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

Component units are included in the financial statements and are legally separate entities for which the County is financially accountable. These have substantially the same governing board as the County. The component units are blended special revenue funds and include Almond Paradise Street Lighting District, Thompson Street Lighting District, Cross Creek/Whisper Creek Lighting District, Colusa County Service Area #1 – Century Ranch, Colusa County Service Area #2 – Stonyford, and Colusa County Service Area #2 (Reserve) – Stonyford.

Fund Financial Statements are groupings of related accounts used to maintain control over resources segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The County's funds are divided into three categories:

- Governmental Funds
- Proprietary Funds
- Fiduciary Funds

Governmental Funds account for essentially the same functions reported as governmental activities in the Government-Wide Financial Statements. However, unlike the Government-Wide Financial Statements, Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a County's near-term financing requirements.

Since 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 County's near-term financing decisions. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances both provide a reconciliation to the Government-Wide Financial Statements in order to facilitate this comparison between governmental funds and governmental activities.

The County maintains governmental funds organized according to their type – general, special revenue, debt service, and capital projects. The County segregates from the General fund a number of significant functions in major funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General fund and other major governmental funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements located in the Combining Nonmajor Fund Statements section of this report.

**COUNTY OF COLUSA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

Proprietary Funds are maintained in two different types. Enterprise Funds report the same functions presented as business-type activities in the Government-Wide Financial Statements. The County uses enterprise funds to account for the Airport, Solid Waste, and East Park Reservoir. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service fund to account for the Insurance fund, which provides for the payment of claims for its various insurance programs to protect county assets and employees. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the Government-Wide Financial Statements.

Proprietary funds provide the same type of information as the Government-Wide Financial Statements, only in more detail. The Proprietary Fund Financial Statements provide separate information for the Solid Waste Enterprise fund, the Airport Enterprise fund, and the East Park Reservoir Enterprise fund. The Solid Waste Enterprise is considered to be a major fund. The internal service fund is singled out in the Proprietary Fund Financial Statements.

Fiduciary Funds account for resources held for the benefit of parties outside the County; entities legally separate from the County and individuals, which are not part of the reporting entity. Fiduciary funds are not reflected in the Government-Wide Financial Statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds except for agency funds.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements.

Required Supplementary Information presents the County's major governmental funds budgets and actual comparisons. The major governmental funds include the County General Fund, Health and Human Services, Loan Programs, Public Ways and Facilities, Health and Sanitation, and Public Assistance. The County adopts an annual appropriated budget for these major funds, as well as all other governmental and proprietary funds. Budgetary Comparison Schedules have been provided for the General fund and major special revenue funds to demonstrate performance against these budgets. Required supplementary information also consists of funding progress schedules for the County Defined Benefit Pension Plan and Other Post Employment Benefit Plan (OPEB).

Combining Nonmajor Fund Statements referred to earlier provide information for nonmajor governmental funds, nonmajor enterprise funds, and fiduciary funds and are presented immediately following the required supplementary information.

A change made effective with the 17-18 fiscal year audit is that most funds are no longer being shown independent of one another but have instead been placed into appropriate groupings for presentation purposes. By grouping the funds some funds that would have been classified on their own as nonmajor in previous years may now be classified as major within their respective groupings.

**COUNTY OF COLUSA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Statement of Net Position
June 30, 2018 and 2017**

	Governmental Activities		Business-Type Activities		Total		Variance
	2018	2017	2018	2017	2018	2017	
ASSETS							
Current and Other Assets	\$ 45,624,680	\$ 54,479,045	\$ 1,066,310	\$ 1,189,591	\$ 46,690,990	\$ 55,668,636	-16.13%
Capital Assets	59,053,769	56,644,768	77,089	84,798	59,130,858	56,729,566	4.23%
Total Assets	<u>104,678,449</u>	<u>111,123,813</u>	<u>1,143,399</u>	<u>1,274,389</u>	<u>105,821,848</u>	<u>112,398,202</u>	-5.85%
DEFERRED OUTFLOWS OF RESOURCES	15,167,322	12,502,050	35,838	57,547	15,203,160	12,559,597	21.05%
LIABILITIES							
Current and Other Liabilities	4,572,214	3,563,934	212,989	202,264	4,785,203	3,766,198	27.06%
Net Pension Liability	70,664,012	59,589,127	189,172	102,103	70,853,184	59,691,230	18.70%
Net OPEB Obligation	5,094,127	5,308,574	45,619	30,121	5,139,746	5,338,695	-3.73%
Other Long-Term Liabilities	1,440,020	1,455,551	4,089,345	4,064,432	5,529,365	5,519,983	0.17%
Total Liabilities	<u>81,770,373</u>	<u>69,917,186</u>	<u>4,537,125</u>	<u>4,398,920</u>	<u>86,307,498</u>	<u>74,316,106</u>	16.14%
DEFERRED INFLOWS OF RESOURCES	2,869,474	8,224,083	21,536	2,610	2,891,010	8,226,693	-64.86%
NET POSITION							
Net Investment in Capital Assets	58,831,048	56,347,795	77,089	84,798	58,908,137	56,432,593	4.39%
Restricted	32,387,246	23,540,356	614,207	573,441	33,001,453	24,113,797	36.86%
Unrestricted	(56,012,370)	(34,403,557)	(4,070,720)	(3,727,833)	(60,083,090)	(38,131,390)	57.57%
Total Net Position	<u>\$ 35,205,924</u>	<u>\$ 45,484,594</u>	<u>\$ (3,379,424)</u>	<u>\$ (3,069,594)</u>	<u>\$ 31,826,500</u>	<u>\$ 42,415,000</u>	-24.96%

Analysis of Government-Wide Net Position

As noted earlier, net position may over time serve as a useful indicator of the County's financial position. On June 30, 2018, the County's assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows by \$31,826,500, a 24.96% decrease compared to prior year.

As shown in the schedule above, at June 30, 2018 the County's total assets are \$105,821,848. The total assets held decreased by \$6,576,354 or 5.85% from the June 30, 2017 balance of \$112,398,202. A significant portion of the decrease represents the wiring of \$10.5 million from the OPEB trust to PARS to establish an irrevocable trust fund. Approximately 10% of the deferred outflows of \$15,203,160 represent the net differences between projected and actual earnings on plan investments. Approximately 37% of the deferred outflows represent the pension contributions made by the County during fiscal year 2017-18 after the pension liability measurement date. The differences between the expected and actual experience represent approximately 21% of the deferred inflows.

The County's total liabilities increased by \$11,991,392 during the current fiscal year to \$86,307,498. Most of the increase represents the change in the net pension liability. Deferred inflows of \$2,891,010 are attributable to two factors. 16.9% and 83.1% represent the various components that impact pension and OPEB changes, respectively, such as adjustments due to differences in proportions, differences between County contributions and proportionate share of contributions, changes in actuarial assumptions and differences between actual and expected experience.

**COUNTY OF COLUSA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

The County's total net position decreased from the prior year by \$10,588,500. The unrestricted net position of the County at June 30, 2018 decreased by \$21,951,700 from \$(38,131,390) at June 30, 2017 to \$(60,083,090). A positive unrestricted net position is considered one source that may be used to meet the County's ongoing obligations to citizens and creditors.

The largest positive portion of the County's net position, \$58,908,137, is its investment in capital assets (e.g., land, buildings, improvements, equipment, and infrastructure – roads, bridges), which is shown less any related outstanding debt used to acquire those assets. The investment in capital assets increased \$2,475,544 from the prior year's amount of \$56,432,593. The County uses these capital assets to provide services to citizens. 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 those liabilities.

Restricted net position of \$33,001,453 represents resources that are subject to external restrictions on how they may be used. The restricted net position increased \$8,887,656 from the prior year's amount of \$24,113,797.

Within the governmental activities, unrestricted net position decreased by \$21,608,813 from the prior year's amount of \$(34,403,557). The business-type activities unrestricted net position decreased by \$342,887 from the prior year's amount of \$(3,727,833).

It is important to note that pension accounting and reporting, as required by Governmental Accounting Standards Board (GASB) Statements No. 68 and No. 71, were implemented for the first time in the June 30, 2015 audit. The reporting change requires government entities to recognize the unfunded portion of pension liabilities in the financial statements. These two GASB statements have a significant impact on the County's total net position for all future years. Additional information on the County's Employee's Retirement Plan can be found in Note 12 of this report. Additionally, GASB Statement No. 75, was implemented during the year ended June 30, 2018. The reporting change requires government entities to recognize the unfunded portion of OPEB liabilities in the financial statements. Additional information on the County's OPEB Plan can be found in Note 13 of this report.

**COUNTY OF COLUSA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

The Statement of Activities table shows the revenue, expenses, and changes in net position for governmental and business-type activities.

**Statement of Activities
June 30, 2018 and 2017**

	Governmental Activities		Business-Type Activities		Total		Variance
	2018	2017	2018	2017	2018	2017	
REVENUES							
Program Revenues							
Charges for Services	\$ 4,795,285	\$ 4,883,816	\$ 2,303,767	\$ 2,245,703	\$ 7,099,052	\$ 7,129,519	-0.43%
Operating Grants and Contributions	30,615,241	26,617,630	-	5,339	30,615,241	26,622,969	15.00%
Capital Grants and Contributions	697,317	1,101,090	-	-	697,317	1,101,090	-36.67%
General Revenues							
Property Taxes	17,299,195	17,216,328	-	-	17,299,195	17,216,328	0.48%
Other Taxes	2,139,972	1,984,125	55,839	63,105	2,195,811	2,047,230	7.26%
Tobacco Settlement	369,105	150,000	-	-	369,105	150,000	146.07%
Interest and Investment Earnings	550,444	212,182	55,723	51,450	606,167	263,632	129.93%
Miscellaneous	490,799	2,344,187	572,169	437,437	1,062,968	2,781,624	-61.79%
Total Revenues	<u>56,957,358</u>	<u>54,509,358</u>	<u>2,987,498</u>	<u>2,803,034</u>	<u>59,944,856</u>	<u>57,312,392</u>	4.59%
EXPENSES							
General Government	5,583,654	7,428,590	-	-	5,583,654	7,428,590	-24.84%
Public Protection	18,627,935	20,454,322	-	-	18,627,935	20,454,322	-8.93%
Public Ways and Facilities	6,596,448	6,767,265	-	-	6,596,448	6,767,265	-2.52%
Health and Sanitation	9,080,368	9,168,976	-	-	9,080,368	9,168,976	-0.97%
Public Assistance	8,788,537	8,996,569	-	-	8,788,537	8,996,569	-2.31%
Education	1,209,970	1,732,944	-	-	1,209,970	1,732,944	-30.18%
Recreation and Culture	37,515	299,676	-	-	37,515	299,676	-87.48%
Interest on Long-Term Debt	24,369	57,623	-	-	24,369	57,623	-57.71%
Solid Waste	-	-	2,295,589	2,156,854	2,295,589	2,156,854	6.43%
Airport	-	-	555,672	389,060	555,672	389,060	42.82%
East Park Reservoir	-	-	324,698	284,137	324,698	284,137	14.28%
Total Expenses	<u>49,948,796</u>	<u>54,905,965</u>	<u>3,175,959</u>	<u>2,830,051</u>	<u>53,124,755</u>	<u>57,736,016</u>	-7.99%
CHANGE IN NET POSITION BEFORE TRANSFERS	7,008,562	(396,607)	(188,461)	(27,017)	6,820,101	(423,624)	-1709.94%
Transfers	(6,457)	(36,516)	6,457	36,516	-	-	
CHANGE IN NET POSITION BEFORE SPECIAL ITEM	7,002,105	(433,123)	(182,004)	9,499	6,820,101	(423,624)	
Special Item	(10,486,094)	-	-	-	(10,486,094)	-	
CHANGE IN NET POSITION	(3,483,989)	(433,123)	(182,004)	9,499	(3,665,993)	(423,624)	765.39%
Net Position - Beginning of Year	45,484,594	45,917,717	(3,069,594)	(3,079,093)	42,415,000	42,838,624	-0.99%
Restatement	(6,794,681)	-	(127,826)	-	(6,922,507)	-	
NET POSITION - END OF YEAR	<u>\$ 35,205,924</u>	<u>\$ 45,484,594</u>	<u>\$ (3,379,424)</u>	<u>\$ (3,069,594)</u>	<u>\$ 31,826,500</u>	<u>\$ 42,415,000</u>	-24.96%

Analysis of the Changes in Government-Wide Net Position

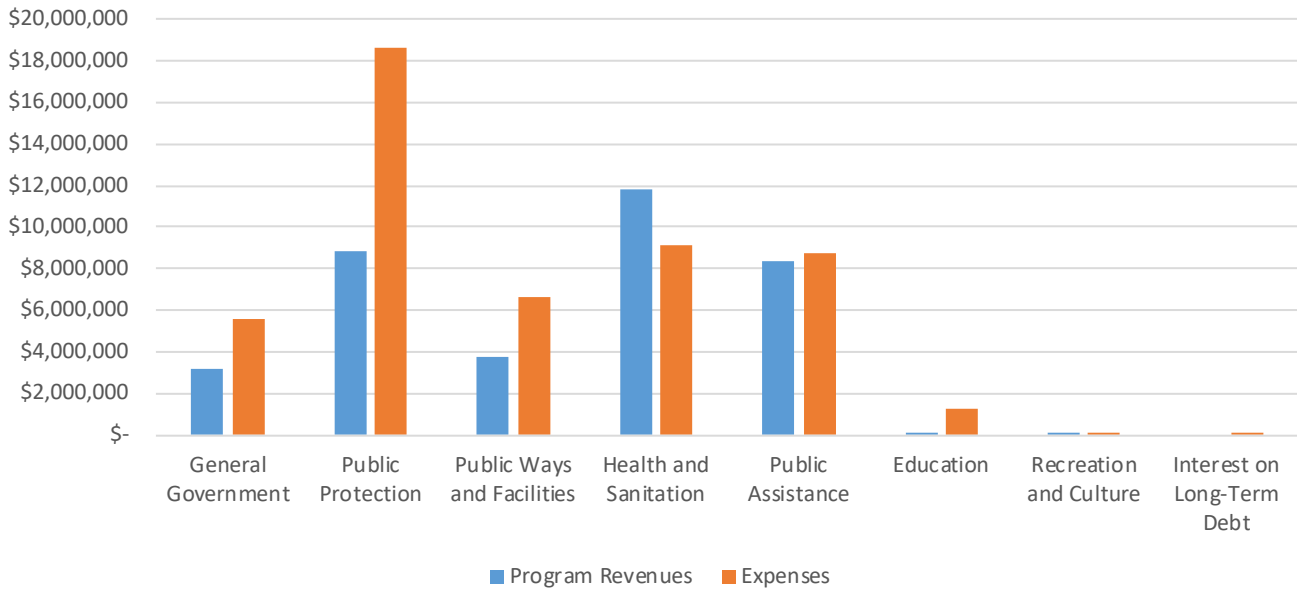
The County's net position decreased \$10,588,500 from the prior year. The changes are explained below in the governmental activities and business-type activities discussions.

Governmental Activities decreased the County's net position by \$10,278,670, accounting for 97.07% of the total reduction government-wide. Total governmental revenues consist of general revenues and program revenues. General revenues and transfers totaled \$20,843,058, a decrease of 4.7% compared to the prior year. Program revenues totaled \$36,107,843, an increase of 10.75% compared to the prior year.

**COUNTY OF COLUSA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

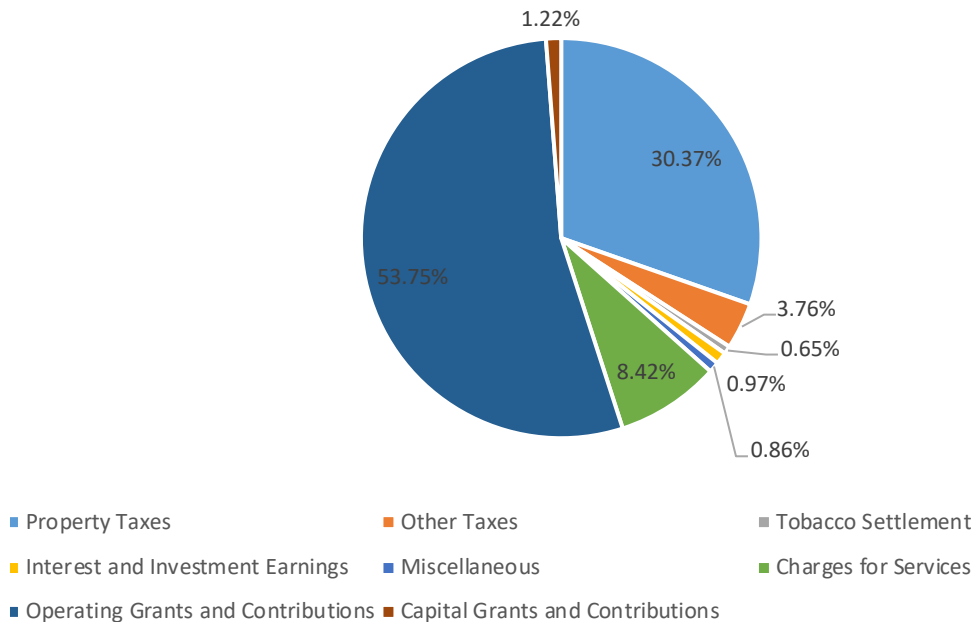
The following chart presents a comparison of expenses by function and the associated program revenues for Governmental activities:

**2017-18 Program Revenues and Expenses -
Governmental Activities**



Revenues among Governmental activities totaled \$56,957,358 for the 2017-18 fiscal year. The chart below presents the percentage of total revenues by source for Governmental activities:

**Revenue by Source - Governmental Activities
2017-18**



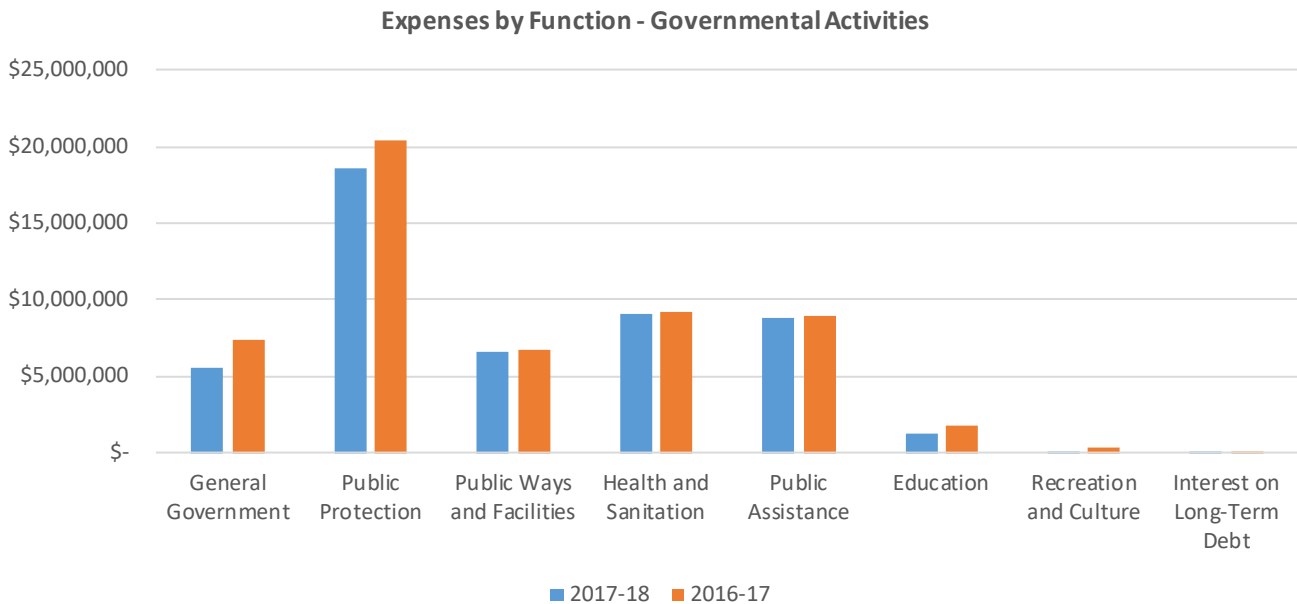
**COUNTY OF COLUSA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

Key elements of the increase/decrease in revenues in the Governmental activities:

- Charges for Services decreased \$88,531, or 1.81%.
- Operating Grants and Contributions increased \$3,997,611, or 15.02%.
- Capital Grants and Contributions decreased \$403,773, or 36.67%.
- Property Tax revenues increased \$82,867, or .48%.
- Other Tax revenue category increased \$155,847, or 7.85%.
- Tobacco Settlement revenue category increased \$219,105 or 146.07%. Grant monies were received for the first time this fiscal year within the Prop 56 Tobacco Education fund.
- Interest and Investment Earnings increased \$338,262, or 159.42%.
- Miscellaneous Revenue decreased \$1,853,388, or 79.06%.

Expenses among Governmental activities for the 2017-18 fiscal year totaled \$49,948,796, in comparison to the 2016-17 fiscal year, which totaled \$54,905,965, an overall decrease in expenses of 9.03%.

The chart below presents the two-year comparison of the total expenses by function for Governmental activities:



**COUNTY OF COLUSA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

Key elements of the increase/decrease in expenses in the Governmental activities:

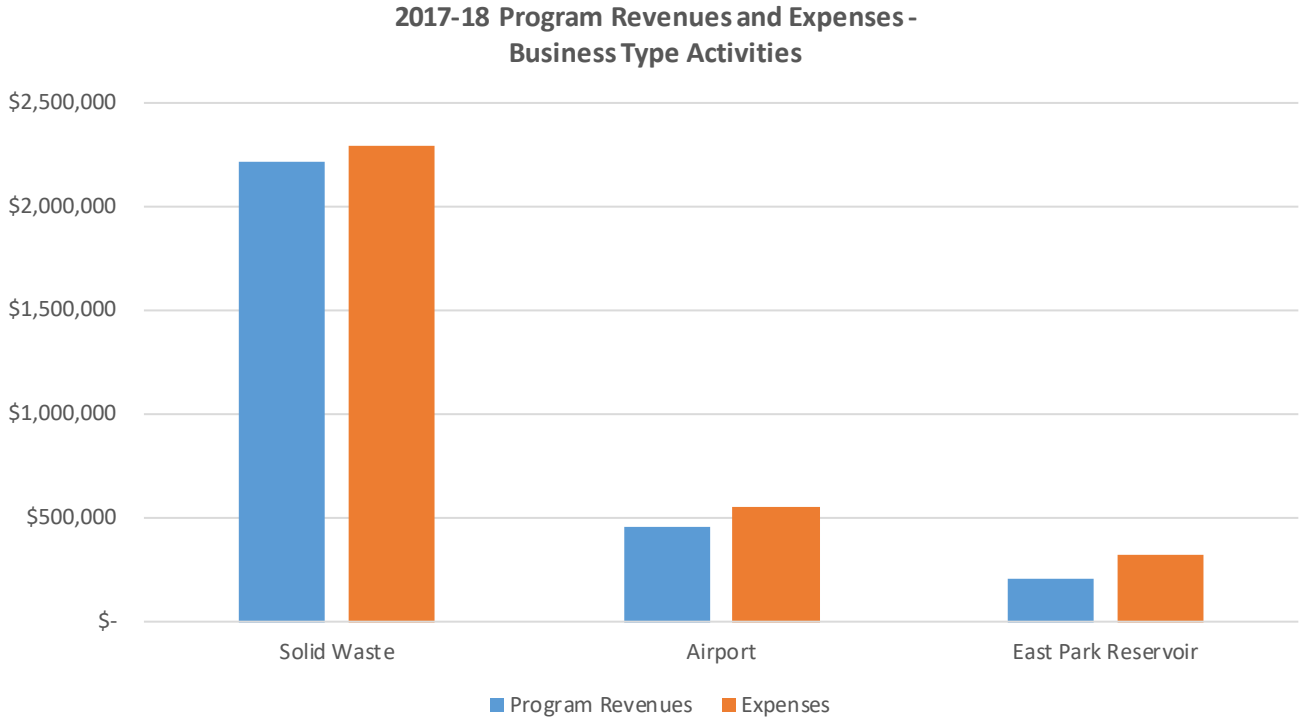
- The General Government category decreased by \$1,844,936, or 24.84%.
- The Public Protection category decreased by \$1,826,387, or 8.93%.
- The Public Ways and Facilities category decreased \$170,817, or 2.52%.
- The Health and Sanitation category decreased by \$88,608, or .97%.
- The Public Assistance category decreased by \$208,032, or 2.31%.
- The Education category decreased by \$522,974, or 30.18%. The primary cause for the decrease in this category was the large indirect overhead cost charged to the County Library in 2016-17 amounting to \$495,214, due to extensive maintenance projects at several libraries two years earlier. In comparison the indirect overhead cost charged in 2017-18 only amounted to \$99,550.
- The Recreation and Culture category decreased by \$262,161, or 87.48%. The primary cause for the decrease in this category was the large indirect overhead cost charged to the Williams Veterans Hall in 2016-17 amounting to \$289,515, due to extensive remodeling work. In comparison the indirect overhead cost charged in 2017-18 only amounted to \$17,347.
- The Interest on Long-Term Debt category decreased by \$33,254, or 57.71%. As annual principal payments are made the associated interest expense is decreasing.

Business-Type Activities decreased the County's net position by \$309,830. Total business-type activities revenues consist of general revenues and program revenues. General revenues and transfers totaled \$690,188; program revenues totaled \$2,303,767.

Combined, program revenues and general revenues were insufficient to cover program expenses in all three enterprise funds for the 2017-18 fiscal year. The Solid Waste's net position decreased by \$121,094, which includes a prior period adjustment of \$(36,631) and a restated 16/17 net position balance of \$(3,306,830) due to GASB 75 (OPEB) implementation, to a negative net position of \$(3,391,293). The Airport's net position decreased by \$70,782, to a net position of \$217,107. The East Park Reservoir's net position decreased \$117,953, which includes a prior period adjustment of \$(91,195) and a restated 16/17 net position balance of \$(178,479) due to GASB 75 (OPEB) implementation, to a negative net position of \$(205,238) at June 30, 2018. However, if the County General fund had not contributed \$100,000 in 2017-18 to the Enterprise fund, the negative net position would have been \$(305,238). The East Park Reservoir is in its initial development stage and the County has committed to a specific amount of contributions to get the Enterprise fund operational and productive.

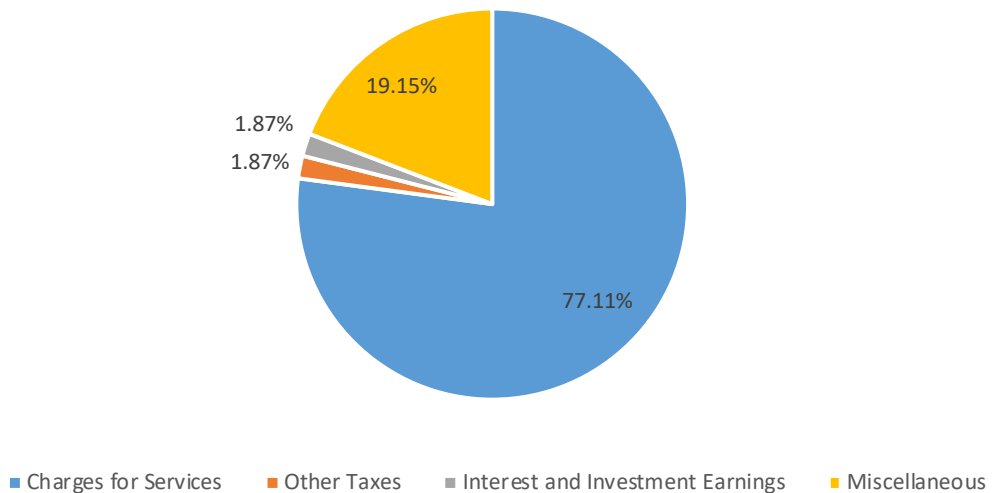
**COUNTY OF COLUSA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

The following chart presents a comparison of expenses by function and the associated program revenues for the Business-type activities:



Revenues among Business-type activities totaled \$2,987,498 for the 2017-18 fiscal year. The chart below presents the percentage of total revenues by source for Business-type activities:

**Revenue by Source - Business-Type Activities
2017-18**



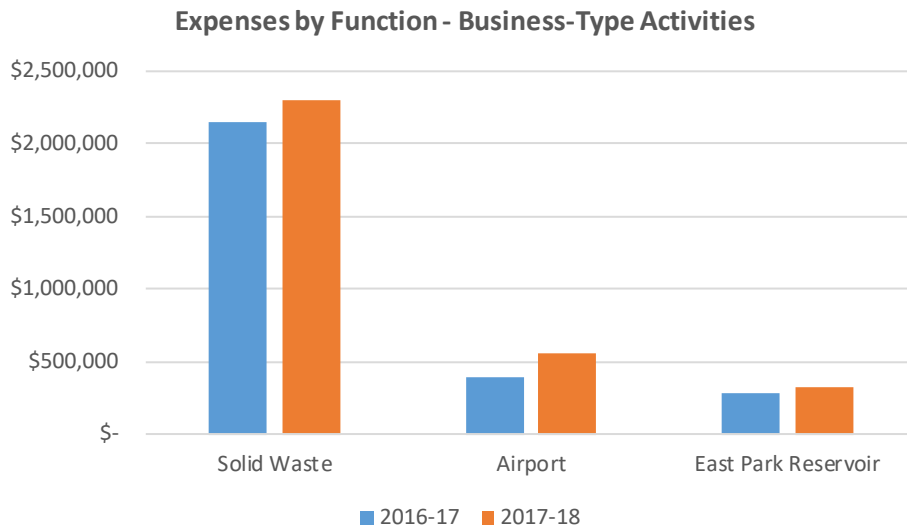
**COUNTY OF COLUSA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

Key elements of the increase/decrease in revenues in the Business-type activities:

- Charges for Services increased \$58,064, or 2.59%.
- Operating Grants and Contributions revenue category decreased \$5,339, or 100%. The Solid Waste Enterprise and East Park Reservoir funds received grants in the prior year, but nothing during 2017-18.
- Other Taxes revenue category decreased \$7,266, or 11.51%.
- Interest and Investment Earnings increased \$4,273, or 8.31%.
- Miscellaneous Revenue increased \$134,732, or 30.8%.

Expenses among Business-type activities for the 2017-18 fiscal year totaled \$3,175,959, in comparison to the year ended 2016-17, which totaled \$2,830,051.

The chart below presents the two-year comparison of the total expenses by function for Business-type activities:



Key elements of the increase/decrease in expenses in the Business-type activities:

- The Solid Waste category increased by \$138,735, or 6.43%.
- The Airport category increased by \$166,612, or 42.82%. The cost of additional fuel purchases in 2017-18 over the previous year was the cause of this increase.
- The East Park Reservoir increased by \$40,561, or 14.28%. As the East Park Reservoir ramps up operations and park fees increase, the cost of services also increase, such as garbage service and lake patrol.

**COUNTY OF COLUSA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Government Funds

The general government functions are contained in the General, Special Revenue, Debt Service, and Capital Project funds. Included in these funds are the special districts governed by the Board of Supervisors. The focus of the County's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unrestricted (committed, assigned, and unassigned) fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

**Net Change in Fund Balance
Governmental Funds - Combined
June 30, 2018 and 2017**

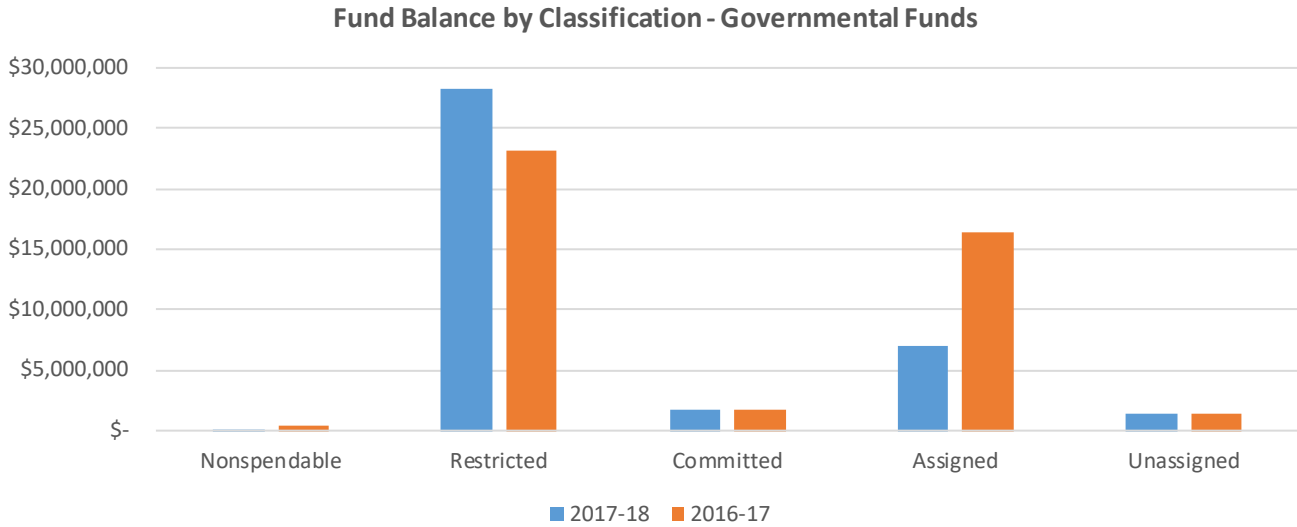
	2018	2017	Increase/Decrease	
			Total	Variance
FUND BALANCE - BEGINNING OF YEAR	\$ 40,384,562	\$ 41,090,583	\$ (706,021)	-1.72%
Prior Period Adjustment	5,534,193	-	5,534,193	
Revenues	55,912,944	53,231,817	2,681,127	5.04%
Expenditures	(55,464,365)	(53,902,890)	(1,561,475)	2.90%
Other Financing Sources (Uses)	(6,457)	(36,516)	30,059	-82.32%
Change in Inventory	(30,868)	1,568	(32,436)	-2068.62%
Special Item	(10,486,094)	-	(10,486,094)	
FUND BALANCE - END OF YEAR	<u>\$ 35,843,915</u>	<u>\$ 40,384,562</u>	<u>\$ (4,540,647)</u>	-11.24%

	2018		2017		Increase/Decrease	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Variance
FUND BALANCE DETAIL						
Nonspendable	\$ 153,052	0.43%	\$ 472,589	1.17%	\$ (319,537)	-67.61%
Restricted	28,211,348	78.71%	23,119,904	57.25%	5,091,444	22.02%
Committed	1,799,500	5.02%	1,694,180	4.20%	105,320	6.22%
Assigned	7,031,594	19.62%	16,465,689	40.77%	(9,434,095)	-57.30%
Unassigned	(1,351,579)	-3.77%	(1,367,800)	-3.39%	16,221	-1.19%
Total Fund Balance	<u>\$ 35,843,915</u>	<u>100.01%</u>	<u>\$ 40,384,562</u>	<u>100.00%</u>	<u>\$ (4,540,647)</u>	-11.24%

At June 30, 2018, the County's governmental funds reported combined fund balances of \$35,843,915, a decrease of \$4,540,647, or 11.24%, in comparison with the prior year. Approximately 20.86% of this total amount, or \$7,479,515, constitutes unrestricted fund balance of the General, Special Revenue, and Capital Projects funds, which is available to meet the County's current and future needs. The remainder of the fund balance, \$28,364,400, or 79.14%, is either nonspendable or restricted for specific spending.

**COUNTY OF COLUSA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

The chart below presents the two-year comparison of the Fund Balance by Classification for Governmental Funds.



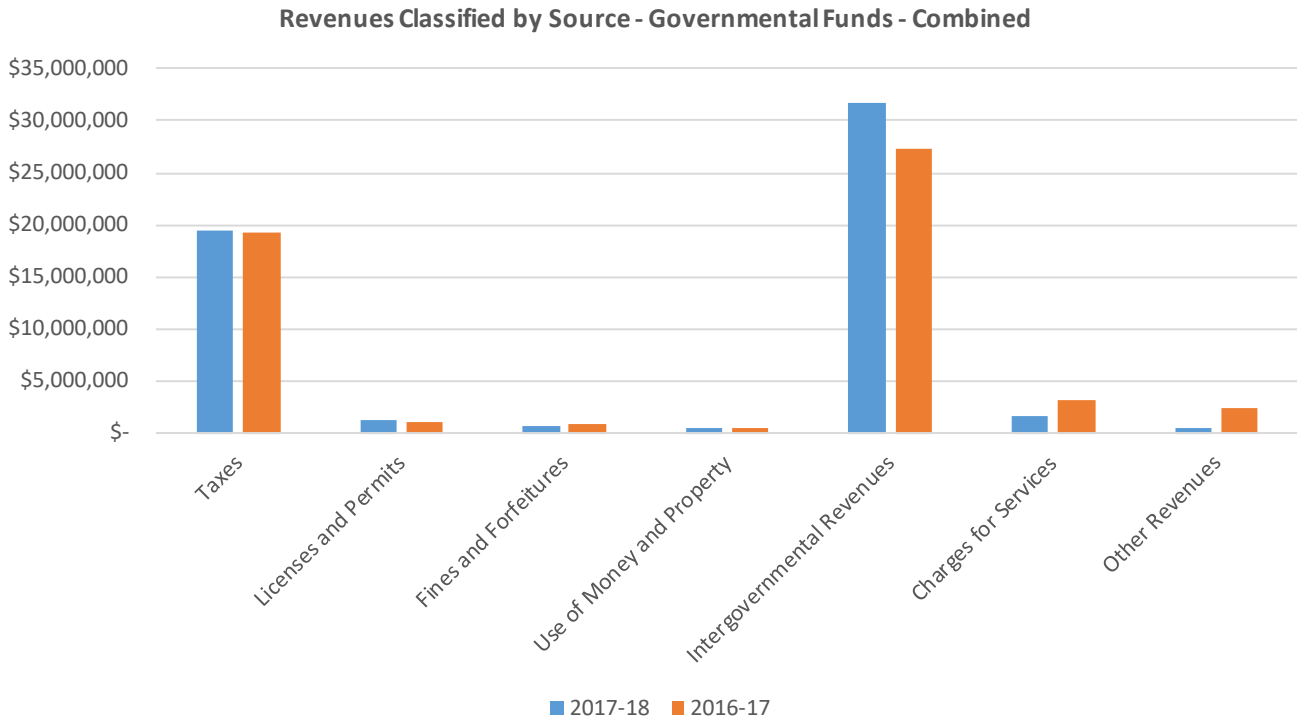
The following table presents the amount of revenues from various sources as well as increases or decreases from the prior year for the governmental funds.

**Revenues Classified by Source
Governmental Funds - Combined
June 30, 2018 and 2017**

	2018		2017		Increase/Decrease	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Variance
REVENUE BY SOURCE						
Taxes	\$ 19,439,167	34.77%	\$ 19,213,973	36.09%	\$ 225,194	1.17%
Licenses and Permits	1,247,481	2.23%	1,147,604	2.16%	99,877	8.70%
Fines and Forfeitures	730,079	1.31%	940,512	1.77%	(210,433)	-22.37%
Use of Money and Property	541,299	0.97%	499,421	0.94%	41,878	8.39%
Intergovernmental Revenues	31,681,766	56.65%	27,242,619	51.18%	4,439,147	16.29%
Charges for Services	1,709,134	3.06%	1,835,975	3.45%	(126,841)	-6.91%
Other Revenues	564,018	1.01%	2,351,713	4.41%	(1,787,695)	-76.02%
Total Revenue	\$ 55,912,944	100.00%	\$ 53,231,817	100.00%	\$ 2,681,127	5.04%

**COUNTY OF COLUSA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

The chart below presents the two-year comparison of the total revenues by source for governmental funds:



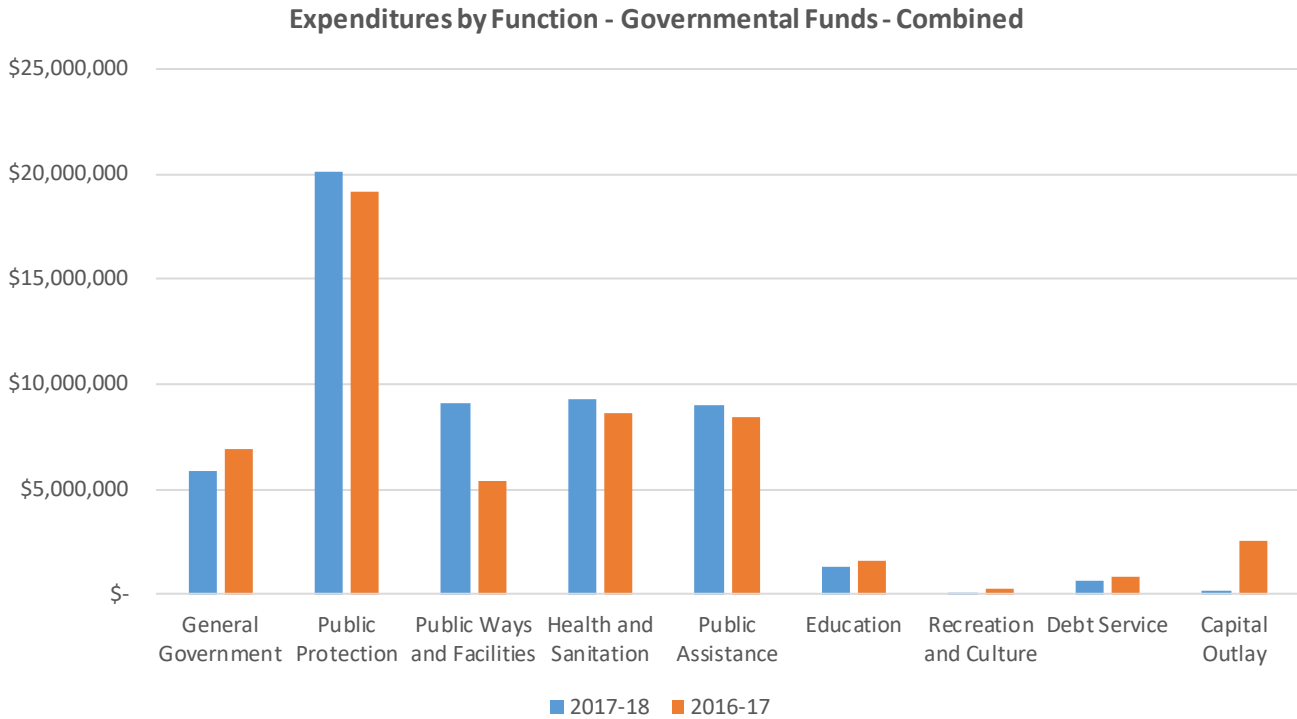
The following table presents the amount of expenditures by function as well as increases or decreases from the prior year for the governmental funds.

**Expenditures Classified by Function
Governmental Funds - Combined
June 30, 2018 and 2017**

	2018		2017		Increase/Decrease	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Variance
EXPENDITURES BY FUNCTION						
General Government	\$ 5,891,053	10.62%	\$ 6,940,986	12.88%	\$ (1,049,933)	-15.13%
Public Protection	20,079,149	36.18%	19,180,200	35.58%	898,949	4.69%
Public Ways and Facilities	9,112,162	16.42%	5,382,573	9.99%	3,729,589	69.29%
Health and Sanitation	9,274,957	16.71%	8,603,092	15.96%	671,865	7.81%
Public Assistance	9,049,940	16.31%	8,407,118	15.60%	642,822	7.65%
Education	1,286,906	2.32%	1,650,096	3.06%	(363,190)	-22.01%
Recreation and Culture	37,515	0.07%	304,841	0.56%	(267,326)	-87.69%
Debt Service	623,531	1.12%	893,886	1.66%	(270,355)	-30.24%
Capital Outlay	140,020	0.25%	2,540,098	4.71%	(2,400,078)	-94.49%
Total Expenditures	\$ 55,495,233	100.00%	\$ 53,902,890	100.00%	\$ 1,592,343	2.95%

**COUNTY OF COLUSA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

The chart below presents the two-year comparison of the total expenses by function for governmental funds:



Other financing sources and uses for the governmental funds are presented below to illustrate changes from the prior year.

**Other Financing Sources (Uses)
Governmental Funds - Combined
June 30, 2018 and 2017**

	2018		2017		Increase/Decrease	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Variance
Transfers In	\$ 14,943,856	-231436.52%	\$ 14,702,339	-40262.73%	\$ 241,517	1.64%
Transfers Out	(14,950,313)	231536.52%	(14,738,855)	40362.73%	(211,458)	1.43%
Total Other Financing Sources (Uses)	\$ (6,457)	100.00%	\$ (36,516)	100.00%	\$ 30,059	-82.32%

The General Fund

The General fund is the primary operating fund of the County. At June 30, 2018, the assigned portion of the fund balance was \$7,031,594, a decrease of \$9,433,907 (57.29%) in comparison to the prior year balance; while the total fund balance was \$9,364,647, a decrease of \$9,429,606 (50.17%) in comparison to the prior fiscal year balance.

As a measure of the General fund's liquidity, it may be useful to compare available fund balance and total fund balance to total General fund expenditures. The unrestricted fund balance represents 27.5% of total General fund expenditures, while total fund balance represents 36.6% of the total General fund expenditures. For the prior year, these figures were 64.4% and 73.6%, respectively.

**COUNTY OF COLUSA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

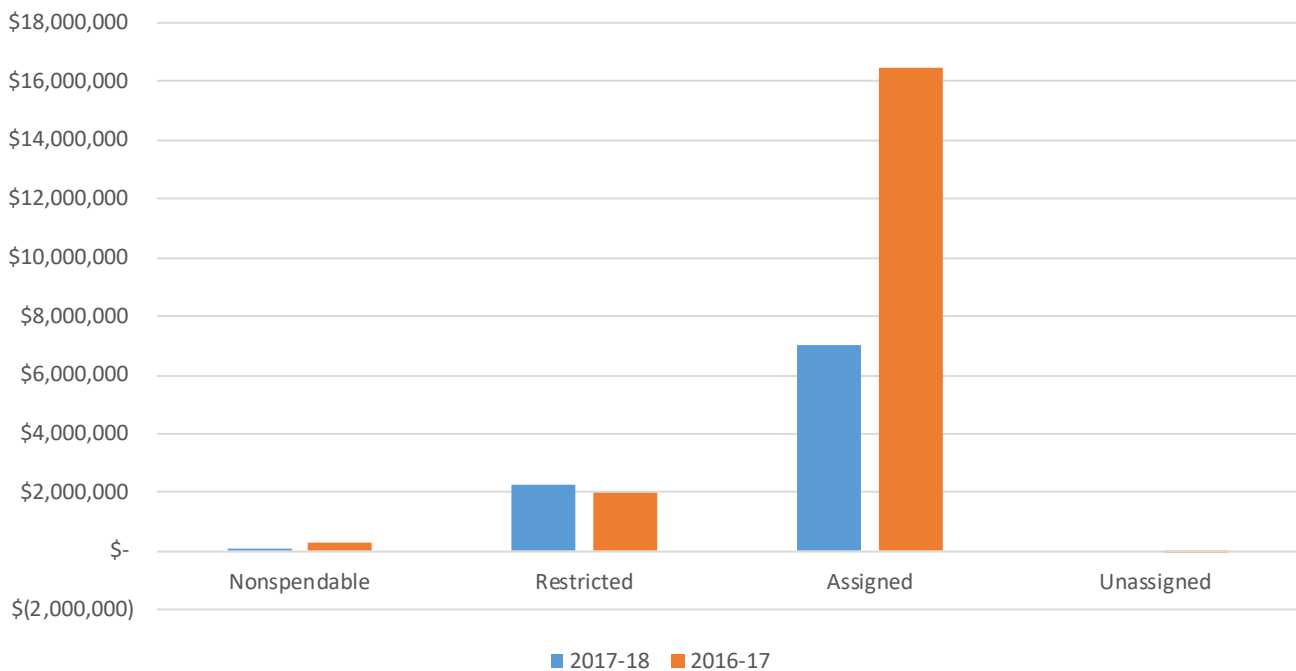
**Net Change in Fund Balance
General Fund
June 30, 2018 and 2017**

	2018	2017	Increase/Decrease	
			Total	Variance
FUND BALANCE - BEGINNING OF YEAR	\$ 18,794,253	\$ 17,643,850	\$ 1,150,403	6.52%
Revenues	25,716,440	27,024,677	(1,308,237)	-4.84%
Expenditures	(25,578,549)	(25,552,082)	(26,467)	0.10%
Other Financing Sources (Uses)	918,597	(322,192)	1,240,789	-385.11%
Special Item	(10,486,094)	-	(10,486,094)	
FUND BALANCE - END OF YEAR	\$ 9,364,647	\$ 18,794,253	\$ (9,429,606)	-50.17%

	2018		2017		Increase/Decrease	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Variance
FUND BALANCE DETAIL						
Nonspendable	\$ 39,093	0.42%	\$ 306,829	1.63%	\$ (267,736)	-87.26%
Restricted	2,293,960	24.50%	2,021,923	10.76%	272,037	13.45%
Assigned	7,031,594	75.09%	16,465,689	87.61%	(9,434,095)	-57.30%
Unassigned	-	-0.01%	(188)	0.00%	188	-100.00%
Total Fund Balance	<u>\$ 9,364,647</u>	<u>100.00%</u>	<u>\$ 18,794,253</u>	<u>100.00%</u>	<u>\$ (9,429,606)</u>	<u>-50.17%</u>

The chart below presents the two-year comparison of the Fund Balance by Classification for the General fund.

Fund Balance by Classification - General Fund



**COUNTY OF COLUSA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

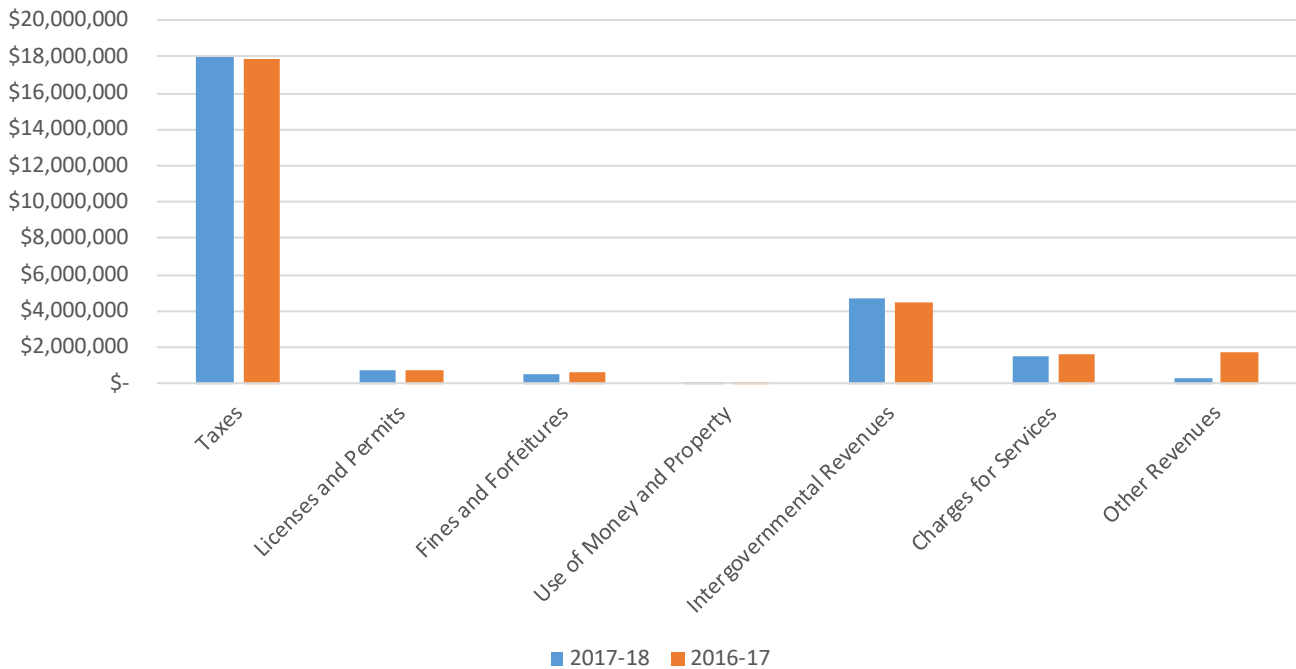
The following table presents the amount of revenues from various sources as well as increases or decreases from the prior year for the General fund.

**Revenues Classified by Source
General Fund
June 30, 2018 and 2017**

REVENUE BY SOURCE	2018		2017		Increase/Decrease	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Variance
Taxes	\$ 17,992,056	69.97%	\$ 17,827,837	65.97%	\$ 164,219	0.92%
Licenses and Permits	758,870	2.95%	706,169	2.61%	52,701	7.46%
Fines and Forfeitures	463,323	1.80%	616,683	2.28%	(153,360)	-24.87%
Use of Money and Property	90,393	0.35%	98,048	0.36%	(7,655)	-7.81%
Intergovernmental Revenues	4,636,917	18.03%	4,504,602	16.67%	132,315	2.94%
Charges for Services	1,517,456	5.90%	1,560,748	5.78%	(43,292)	-2.77%
Other Revenues	257,425	1.00%	1,710,590	6.33%	(1,453,165)	-84.95%
Total Revenue	\$ 25,716,440	100.00%	\$ 27,024,677	100.00%	\$ (1,308,237)	-4.84%

The chart below presents the two-year comparison of the total revenues by source for the County General fund:

Revenues Classified by Source - General Fund



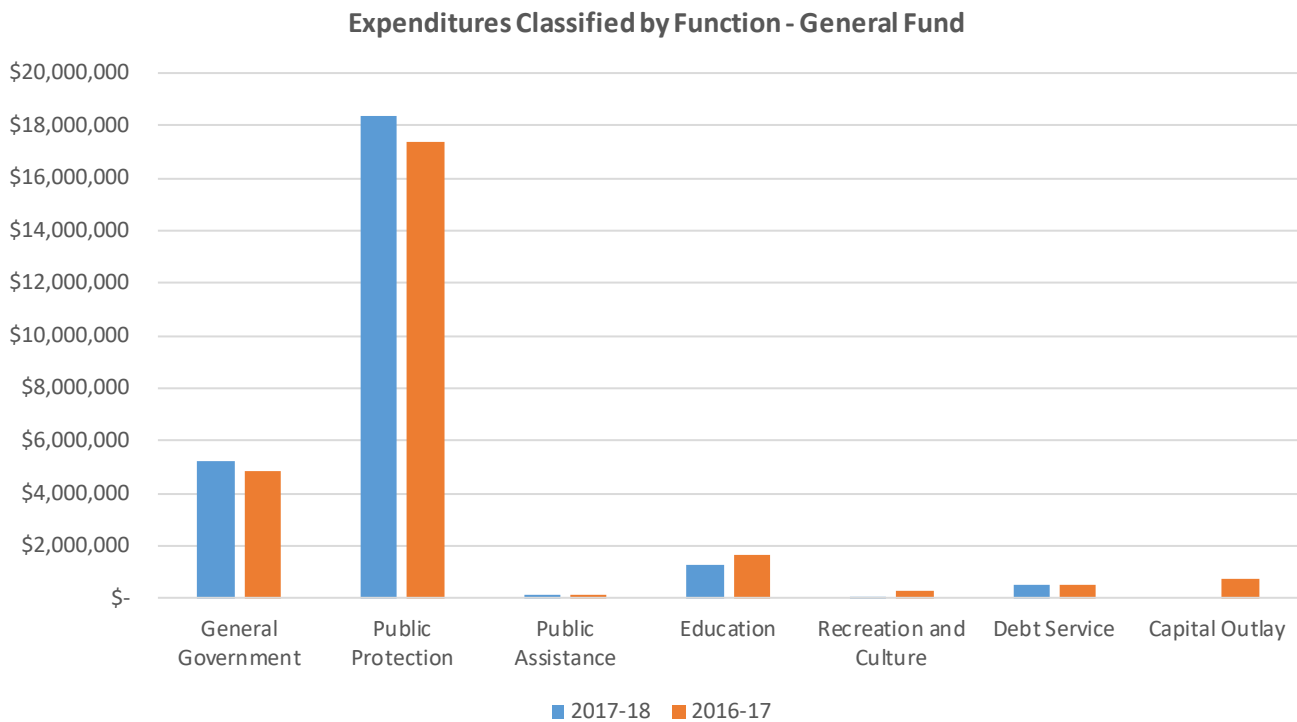
**COUNTY OF COLUSA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

The following table presents the amount of expenditures by function as well as increases or decreases from the prior year for the General fund.

**Expenditures Classified by Function
General Fund
June 30, 2018 and 2017**

EXPENDITURES BY FUNCTION	2018		2017		Increase/Decrease	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Variance
General Government	\$ 5,197,863	20.32%	\$ 4,839,345	18.94%	\$ 358,518	7.41%
Public Protection	18,407,453	71.96%	17,407,415	68.13%	1,000,038	5.74%
Public Assistance	168,024	0.66%	133,441	0.52%	34,583	25.92%
Education	1,279,377	5.00%	1,650,096	6.46%	(370,719)	-22.47%
Recreation and Culture	37,515	0.15%	293,298	1.15%	(255,783)	-87.21%
Debt Service	488,317	1.91%	500,496	1.96%	(12,179)	-2.43%
Capital Outlay	-	0.00%	727,991	2.84%	(727,991)	-100.00%
Total Expenditures	\$ 25,578,549	100.00%	\$ 25,552,082	100.00%	\$ 26,467	0.10%

The chart below presents the two-year comparison of the total expenditures by function for the County General fund:



**COUNTY OF COLUSA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

Other financing sources and uses for the General fund are presented below to illustrate changes from the prior year.

**Other Financing Sources (Uses)
General Fund
June 30, 2018 and 2017**

	2018		2017		Increase/Decrease	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Variance
Transfers In	\$ 2,325,564	253.16%	\$ 1,484,356	-460.71%	\$ 841,208	56.67%
Transfers Out	(1,406,967)	-153.16%	(1,806,548)	560.71%	399,581	-22.12%
Total Other Financing Sources (Uses)	<u>\$ 918,597</u>	<u>100.00%</u>	<u>\$ (322,192)</u>	<u>100.00%</u>	<u>\$ 1,240,789</u>	<u>-385.11%</u>

Other Major Funds Highlights

The Health and Human Services Fund is used to account for the majority of the Public Health and Social Services programs, including Health, Environmental Health, Ambulance, Children's Services, Welfare, Senior Nutrition Program, and DHHS Administration. The net decrease in fund balance is \$1,147, or 10427.27%.

The Loan Programs funds are used to account for the activity for CDBG and HOME loans provided to the public for economic development and housing rehabilitation. The net decrease in fund balance is \$78,708, or 1.27%.

The Public Ways & Facilities funds are used to account for the road and bridge construction and maintenance projects activity within the Road, Bridge, and District funds. Airport activity within the Airport Special fund is also accounted for under this grouping. The net decrease in fund balance is \$2,479,291, or 33.51%.

The Health and Sanitation funds are used to account for the majority of the health related programs, including Behavioral Health, Air Pollution and numerous other health related special revenue funds. The net increase in fund balance is \$1,342,076, or 19.57%.

The Public Assistance funds are used to account for the activity related to social services programs provided to the public, including welfare, cash aid, etc. The net increase in fund balance is \$277,417, or 9.01%.

The net fund balances for the remaining other governmental funds, which are non-major governmental funds, increased \$137,003 to a total of \$3,707,278, a 3.84% increase. For comparison purposes, to determine the increase or decrease in net fund balances for the remaining non-major governmental funds, only the funds classified as non-major in 2017-18 were used, regardless of how the same funds were classified in the prior year.

**COUNTY OF COLUSA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

Proprietary Funds

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

Enterprise funds report the business-type activities of the County. Enterprise funds are used to account for the operations of Solid Waste, Airport, and East Park Reservoir.

**Net Change in Fund Net Position
Enterprise Funds
June 30, 2018 and 2017**

	2018	2017	Increase/Decrease	
			Total	Variance
TOTAL NET POSITION - BEGINNING OF YEAR	\$ (3,069,594)	\$ (3,079,093)	\$ 9,499	-0.31%
Restatement	(127,826)	-	(127,826)	
Operating Revenues	2,875,936	2,245,703	630,233	28.06%
Operating Expenses	(3,175,959)	(2,830,051)	(345,908)	12.22%
Nonoperating Revenues (Expenses)	111,562	557,331	(445,769)	-79.98%
Transfers In (Out)	6,457	36,516	(30,059)	-82.32%
TOTAL NET POSITION - END OF YEAR	<u>\$ (3,379,424)</u>	<u>\$ (3,069,594)</u>	<u>\$ (309,830)</u>	10.09%

	2018		2017		Increase/Decrease	
	Amount	Percent	Amount	Percent	Amount	Variance
		of Total		of Total		
NET POSITION DETAIL						
Investment in Capital Assets	\$ 77,089	-2.28%	\$ 84,798	-2.76%	\$ (7,709)	-9.09%
Restricted for Closure Maintenance	614,207	-18.17%	573,441	-18.68%	40,766	7.11%
Unrestricted	(4,070,720)	120.45%	(3,727,833)	121.44%	(342,887)	9.20%
Total Net Position	<u>\$ (3,379,424)</u>	<u>100.00%</u>	<u>\$ (3,069,594)</u>	<u>100.00%</u>	<u>\$ (309,830)</u>	10.09%

For the fiscal year ended June 30, 2018, unrestricted net position (deficits) of the Solid Waste Enterprise amounted to \$(4,082,589), the Airport Enterprise amounted to \$217,107, and East Park Reservoir amounted to \$(205,238).

Since the enterprise funds had a negative change in net position during the fiscal year in the amount of \$309,830, the total net position for the funds remains in a deficit. Operating revenues increased by 28.06%, while operating expenses increased by 12.22%.

During the 2013-14 fiscal year, Recology Butte Colusa Counties, Inc. entered into a franchise contract modification with Colusa County to provide services for the collection of solid waste, recyclable materials and the operation of the Maxwell Transfer Station. The contract also provided for the elimination of enterprise fund employees from the County, and potential transfer to Recology. However, the County still maintains the pension and OPEB liabilities for eligible former Solid Waste Enterprise employees. The Solid Waste Enterprise fund continues to maintain the closure/post-closure liability for the Evans and Stonyford Landfills, which represents 90.7% of the total Solid Waste Enterprise liability.

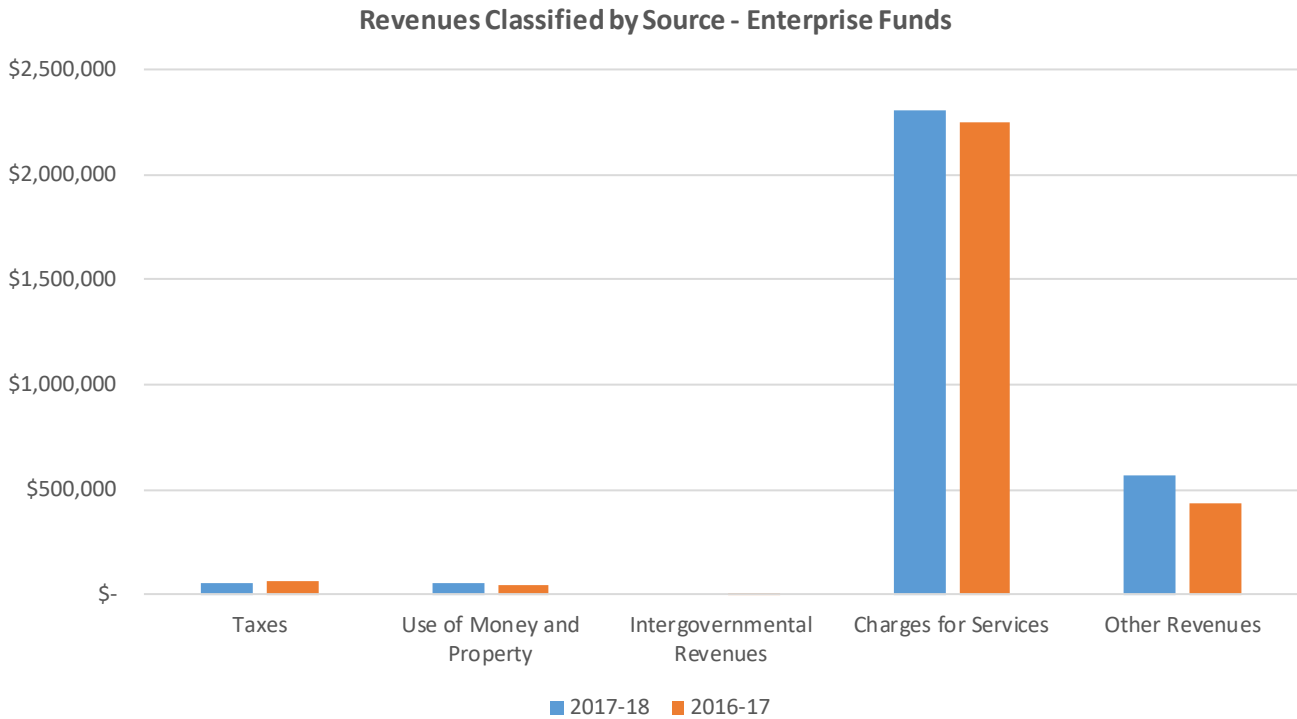
**COUNTY OF COLUSA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

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

**Revenues Classified by Source
Enterprise Funds
June 30, 2018 and 2017**

REVENUE BY SOURCE	2018		2017		Increase/Decrease	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Variance
Taxes	\$ 55,839	1.87%	\$ 63,105	2.25%	\$ (7,266)	-11.51%
Use of Money and Property	55,723	1.87%	51,450	1.84%	4,273	8.31%
Intergovernmental Revenues	-	0.00%	5,339	0.18%	(5,339)	-100.00%
Charges for Services	2,303,767	77.11%	2,245,703	80.12%	58,064	2.59%
Other Revenues	572,169	19.15%	437,437	15.61%	134,732	30.80%
Total Revenue	\$ 2,987,498	100.00%	\$ 2,803,034	100.00%	\$ 184,464	6.58%

The chart below presents the two-year comparison of the total revenues by source of the enterprise funds:



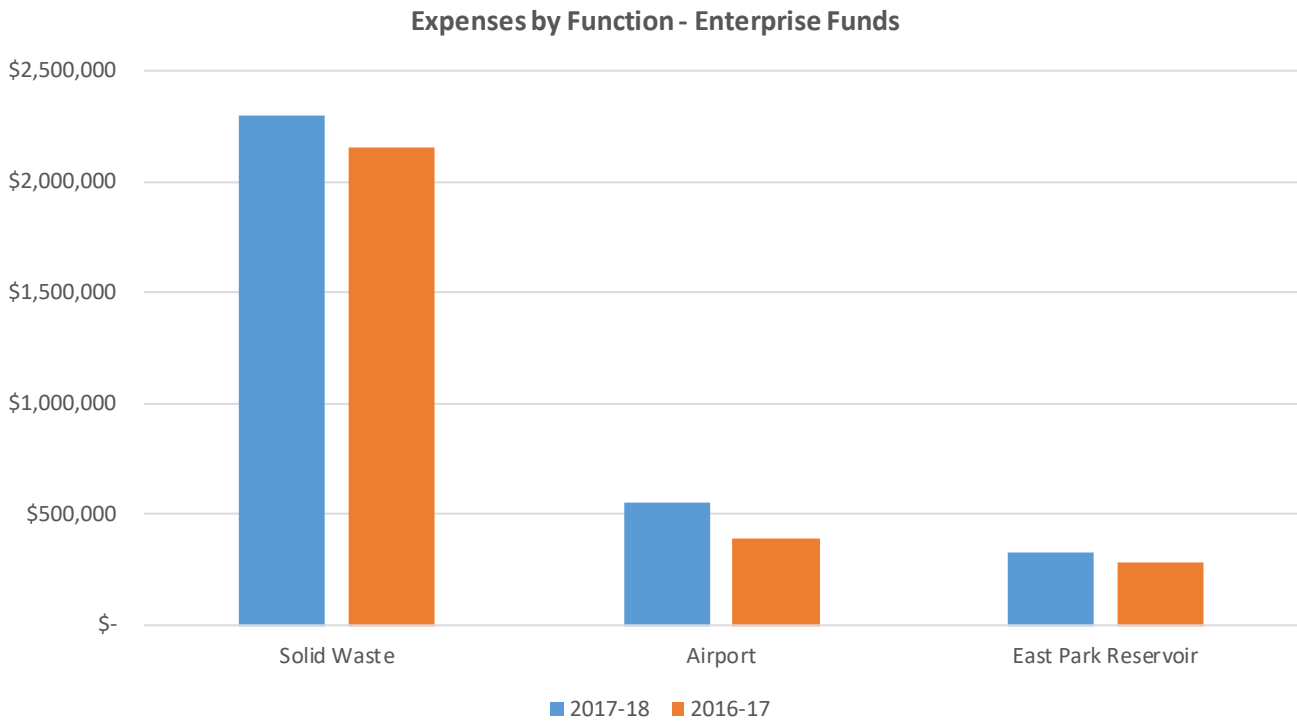
**COUNTY OF COLUSA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

The following table presents the amount of expenditures by function as well as increases or decreases from the prior year for the enterprise funds.

**Expenses Classified by Function
Enterprise Funds
June 30, 2018 and 2017**

EXPENSES CLASSIFIED BY FUNCTION	2018		2017		Increase/Decrease	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Variance
Solid Waste	\$ 2,295,589	72.28%	\$ 2,156,854	76.21%	\$ 138,735	6.43%
Airport	555,672	17.50%	389,060	13.75%	166,612	42.82%
East Park Reservoir	324,698	10.22%	284,137	10.04%	40,561	14.28%
Total Expenses	<u>\$ 3,175,959</u>	<u>100.00%</u>	<u>\$ 2,830,051</u>	<u>100.00%</u>	<u>\$ 345,908</u>	<u>12.22%</u>

The chart below presents the two-year comparison of the expenses by function for the enterprise funds:



**COUNTY OF COLUSA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

Internal service funds are an accounting device to accumulate and allocate costs internally among the County's various functions. An internal service fund is used to account for the Insurance fund.

**Net Change in Fund Net Position
Internal Service Fund
June 30, 2018 and 2017**

	2018	2017	Increase/Decrease	
			Total	Variance
TOTAL NET POSITION - BEGINNING OF YEAR	\$ 1,900,652	\$ 901,616	\$ 999,036	110.81%
Operating Revenues	1,308,962	1,281,239	27,723	2.16%
Operating Expenses	(1,352,045)	(289,867)	(1,062,178)	366.44%
Nonoperating Revenues (Expenses)	9,145	7,664	1,481	19.32%
TOTAL NET POSITION - END OF YEAR	<u>\$ 1,866,714</u>	<u>\$ 1,900,652</u>	<u>\$ (33,938)</u>	-1.79%

	2018		2017		Increase/Decrease	
	Amount	Percent	Amount	Percent	Amount	Variance
		of Total		of Total		
NET POSITION DETAIL						
Unrestricted	<u>\$ 1,866,714</u>	<u>100.00%</u>	<u>\$ 1,900,652</u>	<u>100.00%</u>	<u>\$ (33,938)</u>	-1.79%

GENERAL FUND BUDGETARY HIGHLIGHTS

Periodically over the course of the year the Board of Supervisors revise the County's budget as appropriate. Each time a grant or specific revenue enhancement is made available to a County program that requires new appropriations, a budget amendment is required.

Approximately mid-year, each department is asked to review their revenue and expenditure budgets for trends. Adjustments may be recommended where indicated and monitored for the remainder of the year. Throughout the year the Budget Management Analyst monitors all County budgets, and discusses specific issues with the Department and the Chief Administrative Officer, as appropriate. Unless there is an unforeseen and unusual circumstance that causes a budget overrun, a draw on Contingencies is not recommended.

Differences between the original budget and the final amended budget for the General fund resulted in a \$525,112 increase in appropriations. The components of this increase are briefly summarized as follows: \$93,924 increase to general government; \$369,522 increase to public protection; \$7,898 increase to public assistance; \$46,457 increase to education; \$4,075 increase to recreation; and \$3,236 increase to debt service.

At fiscal year end, actual revenues were lower than the final budget by \$2,488,890, or 8.8%, and actual expenditures were under the final budget by \$5,723,771, or 18.3%. The net activity, including transfers, decreased the General fund's fund balance by \$9,429,606, while the original budget would have decreased the fund balance by \$4,327,970, and the final budget that would have decreased the fund balance by \$4,446,121. The main reason behind the overage in actual expenditures and the large decrease in fund balance was due to the establishment of additional expenses having to do with the

**COUNTY OF COLUSA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

accounts payable that was set up for the wiring of monies from the OPEB trust that occurred after the close of the fiscal year to PARS for the setting up of an irrevocable trust.

Differences between the original budget and the final amended budget, as well as differences between the final amended budget and the actual amounts, are summarized in the table below.

**County of Colusa's Budgetary Comparison
General, Health and Human Services, Loan Programs,
Public Ways and Facilities, Health and Sanitation, and Public Assistance
Fiscal Year Ended June 30, 2018**

	Original Budget	Final Budget	Actual Amounts	Net Change Between Original and Final Budget		Net Change Between Final Budget and Actual	
				Amount	Variance	Amount	Variance
General Fund							
Total Revenues	\$ 27,793,035	\$ 28,205,330	\$ 25,716,440	\$ 412,295	1.48%	\$ 2,488,890	8.82%
Total Expenditures	(30,777,208)	(31,302,320)	(25,578,549)	(525,112)	1.71%	(5,723,771)	18.29%
Other Financing Sources (Uses)	(1,343,797)	(1,349,131)	918,597	(5,334)	0.40%	(2,267,728)	168.09%
Special Items	-	-	(10,486,094)	-		10,486,094	
Net Change in Fund Balance	<u>\$ (4,327,970)</u>	<u>\$ (4,446,121)</u>	<u>\$ (9,429,606)</u>	<u>\$ (118,151)</u>	2.73%	<u>\$ 4,983,485</u>	-112.09%
Health and Human Services Fund							
Total Revenues	\$ 945,087	\$ 964,948	\$ 929,749	\$ 19,861	2.10%	\$ 35,199	3.65%
Total Expenditures	(11,181,486)	(11,198,406)	(8,402,231)	(16,920)	0.15%	(2,796,175)	24.97%
Other Financing Sources (Uses)	10,236,399	10,284,350	7,471,335	47,951	0.47%	2,813,015	27.35%
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 50,892</u>	<u>\$ (1,147)</u>	<u>\$ 50,892</u>		<u>\$ 52,039</u>	102.25%
Loan Programs							
Total Revenues	\$ 958,241	\$ 958,241	\$ 517,442	\$ -	0.00%	\$ 440,799	46.00%
Total Expenditures	(743,607)	(210,830)	(304)	532,777	-71.65%	(210,526)	99.86%
Other Financing Sources (Uses)	50	(522,326)	(438,430)	(522,376)	-1044752.00%	(83,896)	16.06%
Net Change in Fund Balance	<u>\$ 214,684</u>	<u>\$ 225,085</u>	<u>\$ 78,708</u>	<u>\$ 10,401</u>	4.84%	<u>\$ 146,377</u>	65.03%
Public Ways and Facilities							
Total Revenues	\$ 4,232,412	\$ 5,853,758	\$ 5,637,116	\$ 1,621,346	38.31%	\$ 216,642	3.70%
Total Expenditures	(8,667,319)	(11,128,139)	(9,153,095)	(2,460,820)	28.39%	(1,975,044)	17.75%
Other Financing Sources (Uses)	660,126	1,273,880	1,036,688	613,754	92.98%	237,192	18.62%
Net Change in Fund Balance	<u>\$ (3,774,781)</u>	<u>\$ (4,000,501)</u>	<u>\$ (2,479,291)</u>	<u>\$ (225,720)</u>	5.98%	<u>\$ (1,521,210)</u>	38.03%
Health and Sanitation							
Total Revenues	\$ 10,167,599	\$ 10,175,484	\$ 11,193,349	\$ 7,885	0.08%	\$ (1,017,865)	-10.00%
Total Expenditures	(7,975,575)	(8,086,347)	(6,651,689)	(110,772)	1.39%	(1,434,658)	17.74%
Other Financing Sources (Uses)	(3,652,957)	(3,717,157)	(3,199,584)	(64,200)	1.76%	(517,573)	13.92%
Net Change in Fund Balance	<u>\$ (1,460,933)</u>	<u>\$ (1,628,020)</u>	<u>\$ 1,342,076</u>	<u>\$ (167,087)</u>	11.44%	<u>\$ (2,970,096)</u>	182.44%
Public Assistance							
Total Revenues	\$ 8,081,946	\$ 8,081,946	\$ 8,226,437	\$ -	0.00%	\$ (144,491)	-1.79%
Total Expenditures	(3,081,640)	(3,088,744)	(2,949,310)	(7,104)	0.23%	(139,434)	4.51%
Other Financing Sources (Uses)	(6,773,614)	(6,783,116)	(4,999,710)	(9,502)	0.14%	(1,783,406)	26.29%
Net Change in Fund Balance	<u>\$ (1,773,308)</u>	<u>\$ (1,789,914)</u>	<u>\$ 277,417</u>	<u>\$ (16,606)</u>	0.94%	<u>\$ (2,067,331)</u>	115.50%

CAPITAL ASSETS

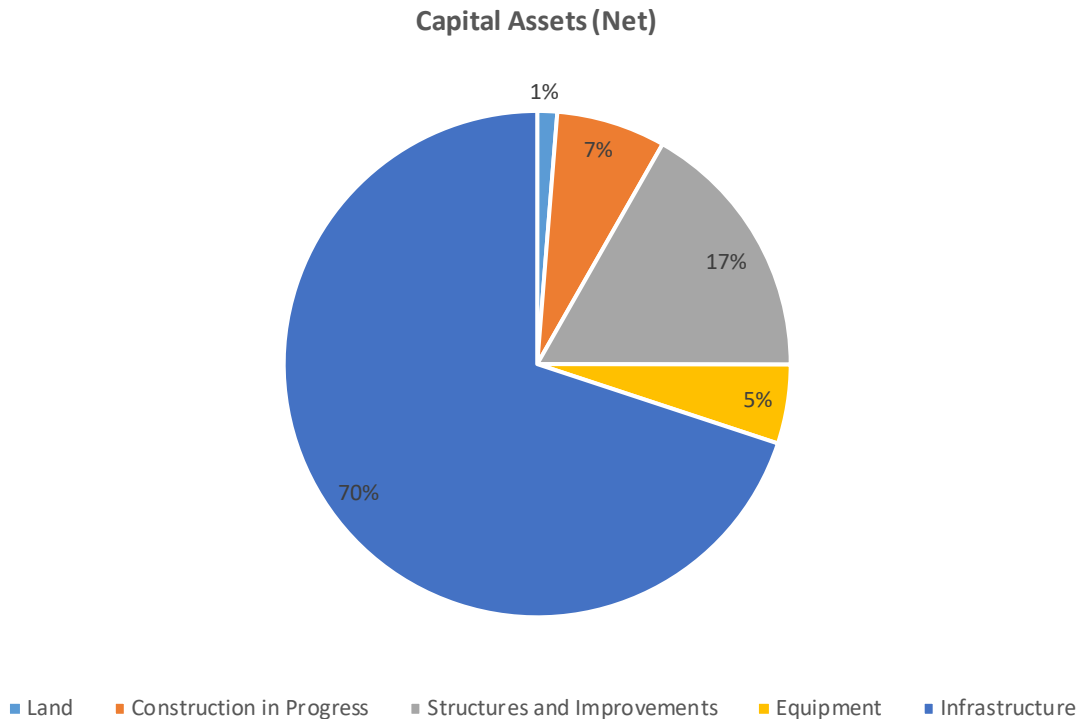
The County's investment in capital assets for its governmental and business-type activities as of June 30, 2018, amounted to \$59,130,858 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, structures and improvements, equipment, software, and infrastructure (roads and bridges, etc.). The following table shows the County's total investment in capital assets for governmental and proprietary funds.

**COUNTY OF COLUSA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

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

	Governmental Activities		Business-Type Activities		Total		Variance
	2018	2017	2018	2017	2018	2017	
Land	\$ 749,873	\$ 663,873	\$ -	\$ -	\$ 749,873	\$ 663,873	12.95%
Construction in Progress	4,120,678	1,635,090	-	-	4,120,678	1,635,090	152.02%
Structures and Improvements	9,852,502	9,856,260	77,089	84,798	9,929,591	9,941,058	-0.12%
Equipment	2,984,309	2,874,357	-	-	2,984,309	2,874,357	3.83%
Infrastructure	41,346,407	41,615,188	-	-	41,346,407	41,615,188	-0.65%
Total Capital Assets (Net)	\$ 59,053,769	\$ 56,644,768	\$ 77,089	\$ 84,798	\$ 59,130,858	\$ 56,729,566	4.23%

The chart below presents the County's percentage of investment in each type of Capital Asset compared to total Capital Assets.



Additional information on the County's capital assets can be found in Note 4 of this report.

DEBT ADMINISTRATION

At June 30, 2018, the County had total long-term debt outstanding of \$6,462,546 as compared to \$6,802,616 in the prior year. Increase to compensated absences amounted to \$233,553; increase to closure/post closure amounted to \$25,539. During the year, retirement of debt amounted to \$599,162.

Pursuant to employee negotiations, which became effective January 1, 2010 and January 1, 2014, the County's obligation for compensated absences will theoretically start to decrease. However, January 1, 2016, employee negotiations may increase the County's obligation for employees who "retire" from County service based on criteria provided below.

**COUNTY OF COLUSA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

Starting January 1, 2010, an employee can have no more vacation time as recorded on the financial statements than one and one half times their annual accrual rate. Consequently, once an employee reaches their maximum, they will not earn any additional vacation days until they use some of their vacation days as recorded on the financial statements. Further, the County is no longer paying off excess vacation balances as was annually done in the past. The County will still pay off earned vacation days when an employee separates employment with the County. There are provisions for vacation balances as recorded on the financial statements as of December 31, 2009.

Effective January 1, 2014, the value of each vacation hour included in an employee's pre-2009 vacation account will be calculated at the employee's current hourly rate of pay and will be frozen at that amount.

Previously, when an employee left County service, they were paid for a portion of their sick days, based on the total number of days they had as recorded on the financial statements. The old payoff factors still apply to sick leave as recorded on the financial statements at December 31, 2009. In subsequent negotiations, employees were no longer paid for any sick leave they earned January 1, 2010 and thereafter.

Effective January 1, 2017, pursuant to the most recent January 1, 2016 negotiations, an employee who retires with at least 15 years of service and a minimum combined sick leave balance of 200 hours will receive 25% payoff of the qualified sick hours. These factors are incrementally increased for retirees with additional years of service. The top tier pays 100% for qualified sick hours to an employee who retires with at least 30 years of service and a minimum combined sick leave of 350 hours.

The net pension liability for governmental activities was \$70,664,012, an increase of \$11,074,885 over the prior year. The net pension liability for business-type activities was \$189,172, an increase of \$87,069 over the prior year. The total County net pension liability is \$70,853,184, which represents 73.2% of the total liabilities.

The 2014-15 fiscal year was the first year the County implemented the accounting standard required by the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions", which establishes the standards for the measurement and recognition of liabilities, deferred outflows, deferred inflows, and expenses related to pensions.

The net OPEB obligation for governmental activities was \$5,094,127, an increase of \$214,447 over the prior year. The net OPEB obligation for business-type activities was \$45,619, an increase of \$15,498, over the prior year. The total County net OPEB obligation is \$5,139,746, which represents 5.3% of the total liabilities.

The 2008-09 fiscal year was the first year the County was required to calculate and disclose our OPEB Obligation (Other Post-Employee Benefits).

Pursuant to GASB 45, an employer has made an OPEB contribution in relation to the Annual Required Contribution (ARC) if the employer has (1) made payments of benefits directly to or on behalf of a retiree or beneficiary, (2) made premium payments to an insurer, or (3) irrevocably transferred assets to a trust in which plan assets are dedicated to providing benefits to retirees and their beneficiaries. Colusa County has made direct benefit payments, which are considered "pay-as-you-go". In addition, the County has been making annual deposits to an internal trust fund within the County Treasury. As of June 30, 2018, the County had deposited \$10,486,094 in an irrevocable trust to reduce the OPEB liability.

**COUNTY OF COLUSA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

During the 2017-18 fiscal year two things occurred with regards to OPEB: 1) The Board of Supervisors approved the establishment of an irrevocable OPEB trust with PARS. This has allowed the County to record a higher earning rate and reduce the County's ultimate liability by allowing us to consider the monies sitting in the irrevocable trust as "Plan Assets" for financial reporting purposes; and 2) The County implemented GASB 74/75 overriding the requirements under GASB 45. GASB 75 requires the County to carry the full actuarial liability in its net position rather than an amortized portion of it. This would have meant that the County would have had to show an \$18,253,995 OPEB liability as of June 30, 2018. However, that OPEB liability dropped to \$5,139,746 with the establishment of the irrevocable trust.

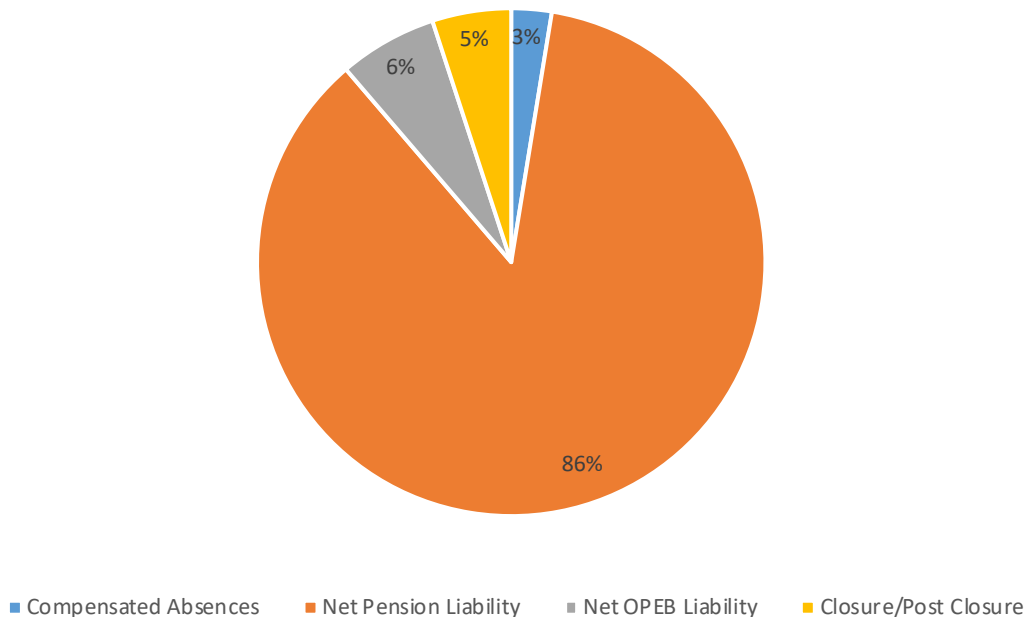
The following table shows the composition of the County's total outstanding debt for governmental and proprietary funds.

LONG-TERM DEBT

	Governmental Activities		Business-Type Activities		Total		Variance
	2018	2017	2018	2017	2018	2017	
Loans Payable	\$ 114,480	\$ 125,614	\$ -	\$ -	\$ 114,480	\$ 125,614	-8.86%
Pension Obligation Bonds	-	519,500	-	-	-	519,500	-100.00%
Capital Leases	108,241	176,769	-	-	108,241	176,769	-38.77%
Compensated Absences	2,107,655	1,873,185	3,757	4,674	2,111,412	1,877,859	12.44%
Net Pension Liability	70,664,012	59,589,127	189,172	102,103	70,853,184	59,691,230	18.70%
Net OPEB Liability	5,094,127	5,308,574	45,619	30,121	5,139,746	5,338,695	-3.73%
Closure/Post Closure	-	-	4,128,413	4,102,874	4,128,413	4,102,874	0.62%
Total Long-Term Debt	<u>\$ 78,088,515</u>	<u>\$ 67,592,769</u>	<u>\$ 4,366,961</u>	<u>\$ 4,239,772</u>	<u>\$ 82,455,476</u>	<u>\$ 71,832,541</u>	14.79%

The chart below illustrates the County's percentage of each type of long-term debt.

Long-Term Debt - Governmental and Business-Type Activities



**COUNTY OF COLUSA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

Additional information on the County's long-term debt can be found in Note 7 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The County developed the 2017-18 annual budget based on State budget projections, with careful consideration given to the diminished economic factors, both in the State of California and the County of Colusa, as well as anticipated changes in revenue sources and increased funding requirements. The same conservative approach was used when developing the 2018-19 annual budget.

County administration monitors the State legislature and officials closely, testifying before legislature and committees whenever possible in defense of small counties. We expect the State's financial situation to impact local governments as the State attempts to balance their budget, and continue to reassign programs to the counties that have been the responsibility of the State in the past. The County is aware of different State programs that may be reduced or eliminated; however, in many cases the mandates still exist.

The enactment of AB109 - Parole Reform has caused the County to have concerns about funding shortfalls, and future impacts of a growing population. We closely monitor the discussions at the State level and County personnel are lobbying to keep funding in place for small counties. There is a continuing concern that the Rural Law Enforcement dollars may be further reduced, or eliminated by the State. In the past these revenues have been used to purchase discretionary law enforcement programs and equipment that the County General fund cannot afford. The State had eliminated Indian Gaming revenue, and it is unknown if these revenues will be distributed in future years. This funding had been used to offset impacts caused by the Indian casinos, and the loss of funding has negatively impacted the Sheriff's Office, the District Attorney's Office, and the Probation Department, to name a few.

The State funded department of Health and Human Services continues to be impacted with funding reductions and the reassignment of some programs from the State to the County level. Regulations have changed that make it more difficult for an individual to qualify for certain services from the State, so it puts an added burden on the County to provide those services, and during this state fiscal crisis, there are more citizens that require benefits from Health and Human Services. Further, the Affordable Care Act is dramatically impacting the work load for this agency. A new development is the counties increasing costs related to the IHSS Maintenance of Effort (MOE), as part of the County responsibility, rather than the State paying the MOE, as was the original agreement. Additionally, DHHS will have an approximate 3-5% reduction in funding for Eligibility and Cal Works even though caseloads have not decreased; Foster Care has been completely restructured in the last two years with minimal resources provided for the enhancement of the State requirements for foster youth placement, and the Child Welfare caseload has doubled consistently for the last three years. These unfunded State mandates would devastate the Health and Human Services fund and require contributions from the General fund in two to four years, which would ultimately deplete all General fund reserves causing the reduction of General fund programs.

The passing of SB1, the Road Repair and Accountability Act of 2017, is expected to provide a new enhanced revenue source for County road maintenance projects. However, in order to be eligible for the increased revenue source, the County must commit discretionary County General fund dollars to the project as well. While the dedication of additional tax dollars to the County roads will be beneficial for our citizens, it will require taking General fund dollars from other County services and operations, or reducing County reserves.

**COUNTY OF COLUSA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

The County is concerned about the potential loss of funding for the Federal Payment-In-Lieu of Taxes (PILT), as this has been discussed for a number of years. If the PILT program is not funded, the County will lose approximately \$235,000 in discretionary General fund revenue.

The County was recently awarded \$20,000,000 under SB863 by the Board of State and Community Corrections (BSCC) for construction of a new County Detention Facility. The proposed project will provide adequate programming, mental health treatment and recreation space, as well as medical/dental facilities. There is a required County match of approximately 1.47% which will be funded by the General fund. The project is currently working its way through various approval processes at the State level. The completion date of the project is largely dependent upon the receipt of State approvals, and the subsequent construction.

The Tri-County Juvenile Hall is another grant funded project awarded by BSCC. This regional project is also in the stages of obtaining various approvals at the State level. The County budgeted \$652,233 in 2018-19 for our share of the costs. The completion date is again dependent on the timing of State approvals and subsequent construction. As part of the agreement for the construction project and ongoing operations, the County has committed to a 20% share of total costs.

Throughout the year, County officials analyze their budgets closely and advise the Chief Administrative Officer (CAO) and Board of Supervisors of any changes in funding sources, changes in service requirements, and delays in State and Federal payments. When possible, County officials offer alternatives to the CAO and Board for consideration when unanticipated funding issues arise. Conservative budgeting, and extensive analysis of possible revenue/funding sources, has resulted in reserves of approximately \$4,600,000, upon the adoption of the 2018-19 budget.

Although budgets are tight, the County's 2018-19 budget includes an additional \$304,454 for the repair and renovation of several County buildings in order to protect the integrity of the facilities, and to obtain the best use of the buildings.

Over a number of years, the County has made sound fiscal decisions by refinancing outstanding loans to take advantage of low interest rates and paying off loans early when appropriate. As a result, at the conclusion of the 2017-18 fiscal year the County has paid off all outstanding loans, with the exception of one interest-free loan which has an annual payment of \$5,724.

Memorandums of Understanding (MOUs) for the term July 1, 2012, through December 31, 2015, significantly reduced the County's ongoing future employee expenses. These savings result from reductions in retirement benefits, a move from in-lieu plans to Section 125 cafeteria plans, changes in the vacation and sick leave benefits, etc.

The Board of Supervisors signed Memorandum of Understandings (MOUs) with all County employee units for the term January 1, 2016, through September 30, 2019. These MOUs provided a 2% increase to all units effective October 1, 2016, October 1, 2017, and October 1, 2018. Effective for the 2016 plan year there was a significant restructuring of employee's health benefits, which included tiered benefits for employee only, employee plus one, and family. The health benefits also included annual increases for each of the three years. The County established a deferred compensation contribution program based on matching employee contributions and number of years of service. Small increases were made to the bilingual and night differential pay. An enhanced sick leave incentive program was approved for employees who retire with a minimum of 15 years of County service, and a minimum of 200 hours of sick leave. Finally, equity adjustments were approved for a number of positions to take place over a four year period.

**COUNTY OF COLUSA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

As would be expected, pensions are the most costly employee benefit, ranging from 29.956% to 38.371% for safety employees, and 30.401% for miscellaneous employees. These rates have increased between 2.759% to 4.050% from last year's rates, depending on the specific retirement plan. Pension costs throughout the nation have increased dramatically as a direct result of investment earnings. Consequently, the California Public Employees' Pension Reform Act of 2013 was approved to reduce future pension costs. Subsequently, the Board of Supervisors negotiated further reductions, which created a 3-tier pension plan in Colusa County. The latest pension tier is currently saving the County 8.415%.

Making sound business decisions, the County Board of Supervisors is funding the County's Other Post-Employment Benefits (OPEB) liability annually. A contribution rate has been built into the monthly payroll calculation and funds are being set aside in a designated fund within the County Treasury. Further, the County has a limited OPEB liability; its only obligation is for a small contribution for retiree health insurance. Eligible employees hired prior to January 1, 2013, receive \$252 per month in combination for health insurance and an HRA. Eligible employees hired after December 31, 2012, will receive the minimum PEMHCA (Public Employees' Medical and Hospital Care Act) amount, which is expected to be \$133 per month.

Colusa County is a farming community, and water is a vital resource for the well-being and continued sustainability of the economy. Consequently, in an effort to be pro-active and protect our valuable resource for our citizens and our future, a Water Management budget unit was established in 2011-12, which has since been staffed with a knowledgeable, experienced individual. The County played a primary role in the recent creation of the Colusa Groundwater Authority in response to the Sustainable Groundwater Management Act, and continues to develop the required Groundwater Management Plan.

The County is also actively leading the charge for the development and construction of the Sites Reservoir; and as a result, established a budget unit specifically for this endeavor in 2014-15. The County is an active member of the Sites Reservoir JPA, committing funding with other water agency members to ensure the large off-stream reservoir through to its fruition. Although this project has some very large initial funding requirements, the County believes this long-range planning and commitment will benefit the County, as well as the State, in the future.

Colusa County routinely has one of the highest unemployment rates in the State; this in part is due to the poor economy statewide, but also directly related to the agriculture industry which is predominant within the County. In an effort to stimulate the County's economy the Board of Supervisors and the Community Development and Block Grant (CDBG) Committee actively search for businesses that are a good fit for the County.

The overall property tax roll should continue to increase this next year. The residential market has continued to increase and the County has been reducing the number of homes that it still has on the roll that are based on Prop 8 appraisals. The County continues to evaluate the remaining Prop 8 homes. Over the past few years, the County has made a concerted effort to enroll new trees/orchards planted in the county and as they start to produce the assessed values will go even higher. The new orchards and the rebound of the residential real estate market have led to the increase in the tax rolls. The gas wells continue to decline, but the County's overall value in this area is such a low value, that even if the wells' assessed values decrease, it does not have a huge impact on the roll.

The PG&E power plant was put into operation in December 2010 and has had a positive effect on the County property tax roll. In 2018-19, the PG&E power plant will generate \$4,183,145 in property taxes

**COUNTY OF COLUSA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

for the General fund; that amount equals 33% of the total General fund's current secured, unsecured, and unitary property taxes, excluding supplemental property taxes. The County Board of Supervisors has been fiscally conservative with the use of these new funds, in order to build a reserve and to prepare for contingencies. The Board recognizes the State's fiscal problems; it is the Board's goal to ensure the County weathers the economic downturn, and that needed services are still available for our citizens. Unfortunately, the property taxes generated by the power plant will continue to decline as the fixtures depreciate on an annual basis, so this must be taken into consideration when developing an on-going operations budget.

The General fund revenue sources most vulnerable to short-term influences and the most difficult to project are consumer/business-driven taxes and fees such as sales tax revenues and permit/service fees associated with agriculture. These circumstances have put an additional burden on the services we provide our citizens and a strain on our resources. We do not expect the State's financial issues to be resolved within the next budget year; we expect the next couple years to be even more difficult as the State continues to "realign" services to the local level. Consequently, we are taking steps and considering these possibilities when adopting our County budget. The CAO has developed and will distribute budget goals, objectives, and guidelines for the preparation of the 2019-20 requested departmental budgets. The County is committed to providing the services needed by our citizens, while maintaining conservative financial management practices to avoid detrimental effects on our financial structure, and the viability of our County.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Colusa County Auditor-Controller, Peggy Scroggins, 546 Jay Street, Suite 202, Colusa, CA 95932; (530) 458-0400.

BASIC FINANCIAL STATEMENTS

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COUNTY OF COLUSA, CALIFORNIA
GOVERNMENT-WIDE – STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Investments	\$ 30,558,227	\$ 847,151	\$ 31,405,378
Receivables:			
Accounts	67,625	225,439	293,064
Intergovernmental	4,796,271	-	4,796,271
Interest	113,810	3,459	117,269
Prepaid Costs	3,117,229	-	3,117,229
Internal Balances	12,980	(12,980)	-
Inventory	89,238	3,241	92,479
Restricted Cash and Investments	82,280	-	82,280
Investment in JPA	36,131	-	36,131
Loans Receivable	6,750,889	-	6,750,889
Capital Assets:			
Nondepreciable	4,870,551	-	4,870,551
Depreciable, Net	54,183,218	77,089	54,260,307
Total Assets	<u>104,678,449</u>	<u>1,143,399</u>	<u>105,821,848</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Adjustments	15,163,779	35,806	15,199,585
Deferred OPEB Adjustments	3,543	32	3,575
Total Deferred Outflows of Resources	<u>15,167,322</u>	<u>35,838</u>	<u>15,203,160</u>
LIABILITIES			
Accounts Payable	2,419,789	170,164	2,589,953
Deposits Payable	13,545	-	13,545
Unearned Revenue	62,080	-	62,080
Accrued Claims Liability	1,186,444	-	1,186,444
Long-Term Liabilities:			
Due Within One Year	890,356	42,825	933,181
Due in More than One Year	1,440,020	4,089,345	5,529,365
Net Pension Liability	70,664,012	189,172	70,853,184
Net OPEB Liability	5,094,127	45,619	5,139,746
Total Liabilities	<u>81,770,373</u>	<u>4,537,125</u>	<u>86,307,498</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Adjustments	488,713	215	488,928
Deferred OPEB Adjustments	2,380,761	21,321	2,402,082
Total Inflows of Resources	<u>2,869,474</u>	<u>21,536</u>	<u>2,891,010</u>
NET POSITION			
Net Investment in Capital Assets	58,831,048	77,089	58,908,137
Restricted for:			
General Government	11,189,400	-	11,189,400
Public Protection	4,659,619	-	4,659,619
Public Ways and Facilities	3,262,144	-	3,262,144
Health and Sanitation	9,089,124	-	9,089,124
Public Assistance	3,913,418	-	3,913,418
Education	268,971	-	268,971
Recreation and Cultural	4,570	-	4,570
Closure Maintenance	-	614,207	614,207
Unrestricted	(56,012,370)	(4,070,720)	(60,083,090)
Total Net Position	<u>\$ 35,205,924</u>	<u>\$ (3,379,424)</u>	<u>\$ 31,826,500</u>

See accompanying Notes to Financial Statements.

**COUNTY OF COLUSA, CALIFORNIA
GOVERNMENT-WIDE – STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General Government	\$ 5,583,654	\$ 1,723,768	\$ 1,463,628	\$ -
Public Protection	18,627,935	2,176,297	6,621,362	81,746
Public Ways and Facilities	6,596,448	61,947	3,095,189	615,571
Health And Sanitation	9,080,368	772,860	11,076,925	-
Public Assistance	8,788,537	52,753	8,332,697	-
Education	1,209,970	6,263	25,440	-
Recreation and Cultural Services	37,515	1,397	-	-
Interest on Long-Term Debt	24,369	-	-	-
Total Governmental Activities	<u>49,948,796</u>	<u>4,795,285</u>	<u>30,615,241</u>	<u>697,317</u>
Business-Type Activities:				
Solid Waste	2,295,589	2,098,552	-	-
Airport	555,672	-	-	-
East Park Reservoir	324,698	205,215	-	-
Total Business-Type Activities	<u>3,175,959</u>	<u>2,303,767</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 53,124,755</u>	<u>\$ 7,099,052</u>	<u>\$ 30,615,241</u>	<u>\$ 697,317</u>

General Revenues:

Taxes:

Property Taxes
Sales and Use Taxes
Franchise Taxes
Aviation Taxes

Tobacco Settlement
Interest and Investment Earnings
Miscellaneous

Transfers

Total General Revenues and Transfers

Special Item

CHANGE IN NET POSITION

Net Position - Beginning of Year, Restated

Net Position - End of Year

See accompanying Notes to Financial Statements.

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business- Type Activities	Total
\$ (2,396,258)	\$ -	\$ (2,396,258)
(9,748,530)	-	(9,748,530)
(2,823,741)	-	(2,823,741)
2,769,417	-	2,769,417
(403,087)	-	(403,087)
(1,178,267)	-	(1,178,267)
(36,118)	-	(36,118)
(24,369)	-	(24,369)
<u>(13,840,953)</u>	<u>-</u>	<u>(13,840,953)</u>
-	(197,037)	(197,037)
-	(555,672)	(555,672)
-	(119,483)	(119,483)
-	(872,192)	(872,192)
<u>(13,840,953)</u>	<u>(872,192)</u>	<u>(14,713,145)</u>
17,299,195	-	17,299,195
1,652,942	-	1,652,942
487,030	-	487,030
-	55,839	55,839
369,105	-	369,105
550,444	55,723	606,167
490,799	572,169	1,062,968
(6,457)	6,457	-
<u>20,843,058</u>	<u>690,188</u>	<u>21,533,246</u>
<u>(10,486,094)</u>	<u>-</u>	<u>(10,486,094)</u>
(3,483,989)	(182,004)	(3,665,993)
<u>38,689,913</u>	<u>(3,197,420)</u>	<u>35,492,493</u>
<u>\$ 35,205,924</u>	<u>\$ (3,379,424)</u>	<u>\$ 31,826,500</u>

**COUNTY OF COLUSA, CALIFORNIA
GOVERNMENTAL FUNDS – BALANCE SHEET
YEAR ENDED JUNE 30, 2018**

	General Fund	Health and Human Services	Loan Programs	Public Ways and Facilities
ASSETS				
Cash and Investments	\$ 9,446,533	\$ 99,649	\$ 861,889	\$ 5,775,589
Receivables:				
Accounts	34,867	1,337	-	10,308
Intergovernmental	2,230,867	251,176	4,750	317,687
Interest	35,444	-	2,726	23,644
Prepaid Costs	36,752	19,006	-	206
Due from Other Funds	232,509	-	-	-
Inventory	2,341	-	-	86,897
Deposits	257	-	-	-
Restricted Cash and Investments	-	-	-	-
Loans Receivable	-	-	6,750,889	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 12,019,570</u>	<u>\$ 371,168</u>	<u>\$ 7,620,254</u>	<u>\$ 6,214,331</u>
LIABILITIES				
Accounts Payable	\$ 989,929	\$ 140,863	\$ -	\$ 1,022,087
Deposits Payable	500	-	-	-
Due to Other Funds	-	-	-	-
Unearned Revenue	-	-	-	62,080
Total Liabilities	<u>990,429</u>	<u>140,863</u>	<u>-</u>	<u>1,084,167</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	1,664,494	231,463	1,325,931	210,420
FUND BALANCES				
Nonspendable	39,093	19,006	-	87,103
Restricted	2,293,960	-	6,299,182	3,051,724
Committed	-	-	-	1,785,345
Assigned	7,031,594	-	-	-
Unassigned	-	(20,164)	(4,859)	(4,428)
Total Fund Balances	<u>9,364,647</u>	<u>(1,158)</u>	<u>6,294,323</u>	<u>4,919,744</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 12,019,570</u>	<u>\$ 371,168</u>	<u>\$ 7,620,254</u>	<u>\$ 6,214,331</u>

**COUNTY OF COLUSA, CALIFORNIA
GOVERNMENTAL FUNDS – BALANCE SHEET (CONTINUED)
YEAR ENDED JUNE 30, 2018**

	Health and Sanitation	Public Assistance	Other Governmental Funds	Total
ASSETS				
Cash and Investments	\$ 8,091,264	\$ 2,113,847	\$ 4,169,456	\$ 30,558,227
Receivables:				
Accounts	569	51	20,493	67,625
Intergovernmental	918,172	760,306	313,313	4,796,271
Interest	26,412	10,762	14,822	113,810
Prepaid Costs	1,474	-	6,376	63,814
Due from Other Funds	-	671,152	-	903,661
Inventory	-	-	-	89,238
Deposits	-	-	-	257
Restricted Cash and Investments	-	82,280	-	82,280
Loans Receivable	-	-	-	6,750,889
Total Assets	\$ 9,037,891	\$ 3,638,398	\$ 4,524,460	\$ 43,426,072
LIABILITIES				
Accounts Payable	\$ 227,199	\$ -	\$ 39,711	\$ 2,419,789
Deposits Payable	-	-	13,045	13,545
Due to Other Funds	232,509	-	658,172	890,681
Unearned Revenue	-	-	-	62,080
Total Liabilities	459,708	-	710,928	3,386,095
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	376,673	280,827	106,254	4,196,062
FUND BALANCES				
Nonspendable	1,474	-	6,376	153,052
Restricted	8,501,152	3,632,591	4,432,739	28,211,348
Committed	-	-	14,155	1,799,500
Assigned	-	-	-	7,031,594
Unassigned	(301,116)	(275,020)	(745,992)	(1,351,579)
Total Fund Balances	8,201,510	3,357,571	3,707,278	35,843,915
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 9,037,891	\$ 3,638,398	\$ 4,524,460	\$ 43,426,072

See accompanying Notes to Financial Statements.

**COUNTY OF COLUSA, CALIFORNIA
RECONCILIATION OF GOVERNMENTAL FUNDS – BALANCE SHEET TO
GOVERNMENT-WIDE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES
YEAR ENDED JUNE 30, 2018**

Fund Balance - Total Governmental Funds	\$	35,843,915
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds balance sheet.		59,053,769
Some of the County's revenue is not available to pay for current period expenditures, and therefore, are not reported in the governmental funds balance sheets.		4,196,062
Equity in the JPA is included in the governmental activities in the statement of net position.		36,131
Deferred outflows of resources related to pensions are not reported in the governmental funds.		15,163,779
Deferred outflows of resources related to OPEB are not reported in the governmental funds.		3,543
Deferred inflows of resources related to pensions are not reported in the governmental funds.		(488,713)
Deferred inflows of resources related to OPEB are not reported in the governmental funds.		(2,380,761)
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.		
Loans Payable		(114,480)
Capital Leases		(108,241)
Compensated Absences		(2,107,655)
Net Pension Liability		(70,664,012)
Net OPEB Liability		(5,094,127)
Internal service funds are used by the County to charge the cost of liability, malpractice, and worker's compensation insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		1,866,714
		<u>1,866,714</u>
Net Position of Governmental Activities	\$	<u><u>35,205,924</u></u>

See accompanying Notes to Financial Statements.

COUNTY OF COLUSA, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	General Fund	Health and Human Services	Loan Programs	Public Ways and Facilities
REVENUES				
Taxes	\$ 17,992,056	\$ -	\$ -	\$ 1,425,887
Licenses and Permits	758,870	145,095	-	17,590
Fines and Forfeitures	463,323	-	-	-
Use of Money and Property	90,393	(1,197)	184,845	38,188
Intergovernmental Revenues	4,636,917	674,782	440,332	4,072,922
Charges for Services	1,517,456	72,041	(107,735)	44,357
Other Revenues	257,425	39,028	-	38,172
Total Revenues	<u>25,716,440</u>	<u>929,749</u>	<u>517,442</u>	<u>5,637,116</u>
EXPENDITURES				
Current:				
General Government	5,197,863	-	304	-
Public Protection	18,407,453	-	-	-
Public Ways and Facilities	-	-	-	9,112,162
Health and Sanitation	-	2,469,625	-	-
Public Assistance	168,024	5,932,606	-	-
Education	1,279,377	-	-	-
Recreation and Culture	37,515	-	-	-
Debt Service:				
Principal	474,398	-	-	33,122
Interest and Fiscal Charges	13,919	-	-	7,811
Capital Outlay	-	-	-	-
Total Expenditures	<u>25,578,549</u>	<u>8,402,231</u>	<u>304</u>	<u>9,153,095</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	137,891	(7,472,482)	517,138	(3,515,979)
OTHER FINANCING SOURCES (USES)				
Transfers In	2,325,564	7,804,435	126,592	1,189,488
Transfers Out	(1,406,967)	(333,100)	(565,022)	(152,800)
Total Other Financing Sources (Uses)	<u>918,597</u>	<u>7,471,335</u>	<u>(438,430)</u>	<u>1,036,688</u>
CHANGE IN FUND BALANCE BEFORE SPECIAL ITEM	1,056,488	(1,147)	78,708	(2,479,291)
Special Item:				
OPEB Trust Fund Contribution	(10,486,094)	-	-	-
NET CHANGE IN FUND BALANCES	(9,429,606)	(1,147)	78,708	(2,479,291)
Fund Balance - Beginning of Year, Restated	<u>18,794,253</u>	<u>(11)</u>	<u>6,215,615</u>	<u>7,399,035</u>
FUND BALANCES - END OF YEAR	<u>\$ 9,364,647</u>	<u>\$ (1,158)</u>	<u>\$ 6,294,323</u>	<u>\$ 4,919,744</u>

See accompanying Notes to Financial Statements.

COUNTY OF COLUSA, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2018

	Health and Sanitation	Public Assistance	Other Governmental Funds	Total
REVENUES				
Taxes	\$ -	\$ -	\$ 21,224	\$ 19,439,167
Licenses and Permits	325,926	-	-	1,247,481
Fines and Forfeitures	117,729	-	149,027	730,079
Use of Money and Property	7,687	7,194	214,189	541,299
Intergovernmental Revenues	10,707,713	8,185,038	2,964,062	31,681,766
Charges for Services	27,559	-	155,456	1,709,134
Other Revenues	6,735	34,205	188,453	564,018
Total Revenues	<u>11,193,349</u>	<u>8,226,437</u>	<u>3,692,411</u>	<u>55,912,944</u>
EXPENDITURES				
Current:				
General Government	-	-	692,886	5,891,053
Public Protection	-	-	1,671,696	20,079,149
Public Ways and Facilities	-	-	-	9,112,162
Health and Sanitation	6,651,689	-	153,643	9,274,957
Public Assistance	-	2,949,310	-	9,049,940
Education	-	-	7,529	1,286,906
Recreation and Culture	-	-	-	37,515
Debt Service:				
Principal	-	-	91,642	599,162
Interest and Fiscal Charges	-	-	2,639	24,369
Capital Outlay	-	-	140,020	140,020
Total Expenditures	<u>6,651,689</u>	<u>2,949,310</u>	<u>2,760,055</u>	<u>55,495,233</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,541,660	5,277,127	932,356	417,711
OTHER FINANCING SOURCES (USES)				
Transfers In	514,511	2,830,931	152,335	14,943,856
Transfers Out	<u>(3,714,095)</u>	<u>(7,830,641)</u>	<u>(947,688)</u>	<u>(14,950,313)</u>
Total Other Financing Sources (Uses)	<u>(3,199,584)</u>	<u>(4,999,710)</u>	<u>(795,353)</u>	<u>(6,457)</u>
CHANGE IN FUND BALANCE BEFORE SPECIAL ITEM	1,342,076	277,417	137,003	411,254
Special Item:				
OPEB Trust Fund Contribution	-	-	-	(10,486,094)
NET CHANGE IN FUND BALANCES	1,342,076	277,417	137,003	(10,074,840)
Fund Balance - Beginning of Year, Restated	<u>6,859,434</u>	<u>3,080,154</u>	<u>3,570,275</u>	<u>45,918,755</u>
FUND BALANCES - END OF YEAR	<u>\$ 8,201,510</u>	<u>\$ 3,357,571</u>	<u>\$ 3,707,278</u>	<u>\$ 35,843,915</u>

See accompanying Notes to Financial Statements.

**COUNTY OF COLUSA, CALIFORNIA
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES
YEAR ENDED JUNE 30, 2018**

Net Change to Fund Balance - Total Governmental Funds \$ (10,074,840)

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

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

Expenditures for Capital Outlay	4,936,898
Less: Current Year Depreciation	(2,454,678)
Various Adjustments Affecting Capital Assets	(73,219)

Some revenues reported in the statement of activities will not be collected for several months after the County's year end and do not provide current financial resources and therefore, are not reported as revenues in the governmental funds.	1,108,488
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal Payments	599,162
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Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.

Change in Compensated Absences	(234,470)
Change in Net Pension Liability and Related Deferred Inflows/Outflows	(7,423,495)
Change in Net OPEB Liability and Related Deferred Inflows/Outflows	10,166,103

Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	<u>(33,938)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ (3,483,989)</u></u>
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COUNTY OF COLUSA, CALIFORNIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-Type Activities			Governmental Activities
	Solid Waste	Other Enterprise Funds	Total	Internal Service Fund
ASSETS				
Current Assets:				
Cash and Investments	\$ 669,935	\$ 177,216	\$ 847,151	\$ -
Receivables:				
Accounts	171,657	53,782	225,439	-
Interest	2,303	1,156	3,459	-
Prepaid Costs	-	-	-	3,053,158
Inventory	-	3,241	3,241	-
Total Current Assets	<u>843,895</u>	<u>235,395</u>	<u>1,079,290</u>	<u>3,053,158</u>
Noncurrent Assets:				
Capital Assets:				
Depreciable:				
Structures and Improvements	285,621	93,187	378,808	-
Accumulated Depreciation	<u>(208,532)</u>	<u>(93,187)</u>	<u>(301,719)</u>	<u>-</u>
Total Noncurrent Assets	<u>77,089</u>	<u>-</u>	<u>77,089</u>	<u>-</u>
Total Assets	920,984	235,395	1,156,379	3,053,158
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Adjustments	-	35,806	35,806	-
Deferred OPEB Adjustments	<u>11</u>	<u>21</u>	<u>32</u>	<u>-</u>
Total Deferred Outflows of Resources	11	35,827	35,838	-
LIABILITIES				
Current Liabilities:				
Accounts Payable	161,562	8,602	170,164	-
Due to Other Funds	-	12,980	12,980	-
Claims Payable	-	-	-	1,186,444
Closure/Postclosure Liability	<u>42,825</u>	<u>-</u>	<u>42,825</u>	<u>-</u>
Total Current Liabilities	204,387	21,582	225,969	1,186,444
Noncurrent Liabilities:				
Compensated Absences	-	3,757	3,757	-
Closure/Postclosure Liability	4,085,588	-	4,085,588	-
Net Pension Liability	-	189,172	189,172	-
Net OPEB Liability	<u>15,206</u>	<u>30,413</u>	<u>45,619</u>	<u>-</u>
Total Noncurrent Liabilities	<u>4,100,794</u>	<u>223,342</u>	<u>4,324,136</u>	<u>-</u>
Total Liabilities	4,305,181	244,924	4,550,105	1,186,444
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Adjustments	-	215	215	-
Deferred OPEB Adjustments	<u>7,107</u>	<u>14,214</u>	<u>21,321</u>	<u>-</u>
Total Deferred Inflows of Resources	7,107	14,429	21,536	-
NET POSITION				
Net Investment in Capital Assets	77,089	-	77,089	-
Restricted	614,207	-	614,207	-
Unrestricted	<u>(4,082,589)</u>	<u>11,869</u>	<u>(4,070,720)</u>	<u>1,866,714</u>
Total Net Position	<u>\$ (3,391,293)</u>	<u>\$ 11,869</u>	<u>\$ (3,379,424)</u>	<u>\$ 1,866,714</u>

See accompanying Notes to Financial Statements.

COUNTY OF COLUSA, CALIFORNIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018

	Business-Type Activities			Governmental Activities
	Solid Waste	Other Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES				
Charges for Services	\$ 2,098,552	\$ 205,215	\$ 2,303,767	\$ 1,308,962
Other Revenue	114,589	457,580	572,169	-
Total Operating Revenues	<u>2,213,141</u>	<u>662,795</u>	<u>2,875,936</u>	<u>1,308,962</u>
OPERATING EXPENSES				
Salaries and Employee Benefits	(21,298)	192,796	171,498	-
Services and Supplies	2,309,178	687,574	2,996,752	-
Claims Expense	-	-	-	1,352,045
Depreciation	7,709	-	7,709	-
Total Operating Expenses	<u>2,295,589</u>	<u>880,370</u>	<u>3,175,959</u>	<u>1,352,045</u>
OPERATING INCOME (LOSS)	<u>(82,448)</u>	<u>(217,575)</u>	<u>(300,023)</u>	<u>(43,083)</u>
NONOPERATING REVENUES (EXPENSES)				
Taxes	-	55,839	55,839	-
Interest Income	2,785	52,938	55,723	9,145
Total Nonoperating Revenues (Expenses)	<u>2,785</u>	<u>108,777</u>	<u>111,562</u>	<u>9,145</u>
INCOME (LOSS) BEFORE TRANSFERS	(79,663)	(108,798)	(188,461)	(33,938)
Transfers In	-	100,000	100,000	-
Transfers Out	(4,800)	(88,743)	(93,543)	-
CHANGE NET POSITION	(84,463)	(97,541)	(182,004)	(33,938)
Net Position (Deficit) - Beginning of Year, Restated	<u>(3,306,830)</u>	<u>109,410</u>	<u>(3,197,420)</u>	<u>1,900,652</u>
NET POSITION (DEFICIT) - END OF YEAR	<u>\$ (3,391,293)</u>	<u>\$ 11,869</u>	<u>\$ (3,379,424)</u>	<u>\$ 1,866,714</u>

See accompanying Notes to Financial Statements.

**COUNTY OF COLUSA, CALIFORNIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018**

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Solid Waste	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 2,215,939	\$ 653,635	\$ 2,869,574	\$ 1,308,962
Payments to Suppliers	(2,270,502)	(689,987)	(2,960,489)	(1,318,107)
Payments to Employees	(9,049)	(147,990)	(157,039)	-
Net Cash Provided (Used) by Operating Activities	<u>(63,612)</u>	<u>(184,342)</u>	<u>(247,954)</u>	<u>(9,145)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Taxes Received	-	55,839	55,839	-
Payments on Interfund Loans	-	(16,389)	(16,389)	-
Transfers from Other Funds	-	100,000	100,000	-
Transfers to Other Funds	(4,800)	(88,743)	(93,543)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(4,800)</u>	<u>50,707</u>	<u>45,907</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Earnings	2,146	52,416	54,562	9,145
Net Cash Provided (Used) by Investing Activities	<u>2,146</u>	<u>52,416</u>	<u>54,562</u>	<u>9,145</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(66,266)	(81,219)	(147,485)	-
Cash and Cash Equivalents - Beginning of Year	736,201	258,435	994,636	-
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 669,935</u>	<u>\$ 177,216</u>	<u>\$ 847,151</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (82,448)	\$ (217,575)	\$ (300,023)	\$ (43,083)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	7,709	-	7,709	-
Decrease (Increase) in:				
Accounts Receivable	2,798	(9,160)	(6,362)	-
Prepaid Costs	-	250	250	(205,706)
Inventory	-	(532)	(532)	-
Deferred Outflows - Pension	-	21,741	21,741	-
Deferred Outflows - OPEB	(11)	(21)	(32)	-
Increase (Decrease) in:				
Accounts Payable and Other Liabilities	13,137	(2,131)	11,006	-
Claims Payable	-	-	-	239,644
Compensated Absences	-	(917)	(917)	-
Closure/Postclosure Costs	25,539	-	25,539	-
Net Pension Liability	-	87,069	87,069	-
Net OPEB Liability	(37,443)	(74,885)	(112,328)	-
Deferred Inflows - OPEB	7,107	14,214	21,321	-
Deferred Inflows - Pension	-	(2,395)	(2,395)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ (63,612)</u>	<u>\$ (184,342)</u>	<u>\$ (247,954)</u>	<u>\$ (9,145)</u>

See accompanying Notes to Financial Statements.

**COUNTY OF COLUSA, CALIFORNIA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018**

	Investment Trust	Agency Funds
ASSETS		
Cash and Investments	\$ 64,228,272	\$ 1,797,148
Taxes Receivable	-	764,162
Total Assets	64,228,272	2,561,310
LIABILITIES		
Agency Funds Held for Others	-	2,561,310
Total Liabilities	-	\$ 2,561,310
NET POSITION		
Held In Trust for Pool Participants	64,228,272	
Total Net Position	\$ 64,228,272	

See accompanying Notes to Financial Statements.

**COUNTY OF COLUSA, CALIFORNIA
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2018**

	<u>Investment Trust</u>
ADDITIONS	
Contributions to Investment Pool	\$ 133,222,826
Interest Earnings	<u>14,552</u>
Total Additions	133,237,378
 DEDUCTIONS	
Distributions from Investment Pool	<u>125,716,118</u>
Total Deductions	<u>125,716,118</u>
 CHANGE IN NET POSITION	 7,521,260
Net Position - Beginning of Year	<u>56,707,012</u>
 NET POSITION - END OF YEAR	 <u><u>\$ 64,228,272</u></u>

See accompanying Notes to Financial Statements.

COUNTY OF COLUSA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The County operates under an Administrator-Board of Supervisors form of government and provides various services on a countywide basis including law and justice, education, detention, social, health, road construction, road maintenance, transportation, park and recreation facilities, elections and records, communications, planning, zoning, and tax collection.

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

Reporting for component units on the County's financial statements can be blended or discretely presented. Blended component units are, although legally separate entities, in substance part of the County's operations and, therefore, data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, would be reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

For financial reporting purposes, the County's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the Board of Supervisors. The financial statements of the individual component units may be obtained by writing to the County of Colusa, Auditor-Controller's Office, 546 Jay Street, Colusa, CA 95932.

Blended Component Units

Special Districts Governed by the Board of Supervisors - The County Board of Supervisors is the governing body of a number of special purpose district funds. Among its duties, the County Board of Supervisors approves the budgets, special taxes and fees of these special districts. As an integral part of the County, these special districts are reported as nonmajor special revenue funds in the County's financial statements.

Almond Paradise Lighting	CSA #1 Century Ranch
Thompson Street Lighting	CSA #2 Stonyford
Cross Creek/Whisper Creek Lighting	CSA #2 Reserve Stonyford

Discretely Presented Component Units

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

COUNTY OF COLUSA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Joint Agencies

The County is a participant in Trindel Insurance Fund (Trindel) the purpose of which is to provide for the creation and operation of a common risk sharing and insurance purchasing pool to be used to meet the obligations of the member counties to provide Worker's Compensation benefits for their employees and to provide public liability and property damage insurance for its members. Trindel is governed by a Joint Powers Agreement between the member counties pursuant to Article 1 (commencing with Section 6500), Chapter 5 of Division 7, Title 1 of the Government Code of California. Complete audited financial statements can be obtained from their office at PO Box 2069, Weaverville, CA 96093. The County is not financially accountable for this organization and therefore it is not a component unit under Statement Nos. 14, 39, and 61 of the Governmental Accounting Standards Board.

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

The County is a member of the Sites Project Authority, which operates in accordance with a Joint Exercise of Power Agreement. The Authority is a public agency comprised of Colusa County Water District, County of Colusa, County of Glenn, Glenn-Colusa Irrigation District, Maxwell Irrigation District, Orland-Artois Water District, Proberta Water District, Reclamation District No. 108, Tehama-Colusa Canal Authority, Westside Water District, Yolo County Flood Control and Water Conservation District, Dunnigan Water District, Davis Water District, Cortina Water District and LaGrance Water District. The mission of the Authority is to be a proponent and facilitator to design and potentially acquire, construct, manage, govern, and operate the Sites Reservoir and related facilities; to increase and develop water supplies; to improve the operation of the State's water system; and to provide a net improvement in ecosystem and water quality conditions in the Sacramento River system and the Delta. The Authority's governing body is a Board of Directors comprised of one representative of each member. Complete audited financial statements can be obtained by contacting the Authority at 122 Old Highway 99 West, Maxwell, CA 95955. The County is not financially accountable for this organization and therefore, it is not a component unit under Statement Nos. 14, 39, and 61 of the Governmental Accounting Standards Board.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information on all of the nonfiduciary activities of the County and its blended component units. These statements include the financial activities of the overall government, except fiduciary activities.

COUNTY OF COLUSA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the County. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each different identifiable activity of the County's business-type activities and each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Certain indirect costs, which cannot be identified and broken down are included in the program expense reported for individual functions and activities. Program revenues include 1) charges paid by the recipients of goods and services offered by the program, 2) operating grants and contributions and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are presented instead as general revenues.

Fund Financial Statements

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis is placed on major funds within the governmental and proprietary categories, each is displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

- The General fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General fund includes such activities as general government, public protection, health and sanitation, public assistance, education, and recreation services.
- The Health and Human Services fund is a special revenue fund used to account for the majority of the Public Health and Social Services programs, including Health, Environmental Health, Ambulance, Children's Services, Welfare, Senior Nutrition Program, and DHHS Administration.
- The Loan Programs fund is a special revenue fund used to account for the activity for CDBG and HOME loans, provided to the public for economic development and housing rehabilitation.
- The Public Ways and Facilities fund is a special revenue fund used to account for the road and bridge construction and maintenance projects activity within the Road, Bridge, and District funds. Airport activity within the Airport Special fund is also accounted for here.
- The Health and Sanitation fund is a special revenue fund used to account for the majority of the health related programs, including Behavioral Health, Air Pollution and numerous other health related special revenue funds.

COUNTY OF COLUSA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

- The Public Assistance fund is a special revenue fund used to account for the activity related to public assistance programs provided to the public, including welfare, cash aid, etc.

The County reports the following major proprietary fund:

- The Solid Waste fund is an enterprise fund used to account for solid waste activity.

The County reports the following additional fund types:

- Internal Service funds account for the County's self-insurance program, which provides services to other departments on a cost reimbursement basis.
- The Investment Trust funds account for the assets of legally separate entities that deposit cash with the County Treasurer. The assets of these funds are held in trust for other agencies and are part of the County's external pool. The external investment pool is made up of three separate funds: School Districts, Special Districts Governed by Local Boards and Courts. The County is obligated to disburse monies from these funds on demand.
- Agency funds account for the receipt and disbursement of various taxes, deposits, deductions, and property collected by the County, acting in the capacity of an agent for distribution to other governmental units or other organizations. The agency funds maintained by the County include:

Accrued County Trust Funds - Accounts for property tax receipts awaiting apportionment to other local government agencies and investment earnings awaiting apportionment to other local government agencies and County Departmental Agency funds which account for all assets under the control of County departments which are held in a fiduciary capacity.

C. Basis of Accounting and Measurement Focus

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants and charges for services are considered susceptible to accrual and are accrued when their receipt occurs within thirty days after the end of the fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to

COUNTY OF COLUSA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the various functions of the governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Fiduciary funds include investment trust funds and agency funds. All trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds are reported using the accrual basis of accounting to recognize receivables and payables.

D. Noncurrent Governmental Assets/Liabilities

Noncurrent governmental assets and liabilities, such as capital assets and long-term liabilities, are reported in the governmental activities column in the government-wide statement of net position.

E. Cash and Cash Equivalents

For purposes of the accompanying Statement of Cash Flows, the County considers all highly liquid investments with a maturity of three months or less when purchased, including cash with fiscal agent and restricted cash, and their equity in the County Treasurer's investment pool, to be cash equivalents.

F. Investments

The County sponsors an investment pool that is managed by the County Treasurer. The County's pool activity is governed by California Government Code Sections 27000.1 and 53607 as well as the County's investment policy.

Investment transactions are recorded on the trade date. The fair value of investments is determined annually. Investments in nonparticipating interest-earning investment contracts are reported at cost; short term investments are reported at amortized cost, investments in the Local Agency Investment Fund, an external pool, are reported at amortized cost which approximates fair value, and the fair value of all other investments are obtained by using quotations obtained from independent published sources or by the safekeeping institution. The fair value represents the amount the County could reasonably expect to receive for an investment in a current sale between a willing buyer and seller.

Participant's equity in the investment pool is determined by the dollar amount of participant deposits, adjusted for withdrawals and distributed investment income.

COUNTY OF COLUSA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Investment income is determined on an amortized cost basis. Interest payments, accrued interest, accreted discounts, amortized premiums, and realized capital gains and losses, net of administrative fees, are apportioned to pool participants every quarter. This method differs from the fair value method used to value investments in these financial statements as unrealized gains or losses are not apportioned to pool participants. During the fiscal year ended June 30, 2018, 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 quarterly to the individual funds or external participants based on the fund or participant's average daily cash balance in relation to the total pool investments. Interest income earned in agency funds where there are no interest earnings requirements are assigned to the General fund per County Policy. Income from non-pooled investments is recorded based on the specific investments held by the fund.

G. Restricted Cash and Investments

Restricted assets in the governmental funds represent cash and investments held in the ABCD fund for the Food Stamp Program of \$82,280 at June 30, 2018.

H. Receivables

Receivables for governmental activities consist mainly of accounts, intergovernmental, and interest. Receivables for business-type activities consist mainly of user fees, intergovernmental, and interest earnings. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

I. Other Assets

Prepaid Costs

Payments made for services that will benefit periods beyond June 30, 2018 are recorded as prepaid costs in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Inventory

Inventories are stated at average cost for governmental funds. Inventory recorded by governmental funds includes materials and supplies for the Road Department and the Purchasing & Procurement Department. Governmental fund inventories are recorded as expenditures at the time the inventory is consumed. Inventory recorded by proprietary funds include supplies for East Park Reservoir. Proprietary fund inventories are recorded as expenses at the time the inventory is consumed.

Investment in JPA

The County's net investment in the Sites Project Authority, a JPA, is recorded as Investment in JPA on the government-wide financial statements. The net change, is shown as an income or expense item.

COUNTY OF COLUSA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

J. Loans Receivable

A total of \$6,750,889 was recorded as loans receivable at June 30, 2018. These represent low interest notes and related accrued interest to finance multi-family and single family construction and rehabilitation projects, homebuyer assistance for low income families, as well as business start-up costs. Loan terms are 15 to 55 years with an interest rate at 0% to 5%. The primary source of funding for these loans comes from grants from the federal Community Development Block Grant (CDBG) program and Home Investment Partnerships (HOME) program. The CDBG and HOME grants contain monitoring requirements to ensure grant compliance. These requirements are reflected in the loan agreements.

K. Capital Assets

Capital assets, including public domain (infrastructure such as roads, bridges, sidewalks and similar items) are defined by the County as all land regardless of cost and assets with a cost of more than \$5,000 for structures and improvements and equipment, and \$50,000 for infrastructure and an estimated useful life of more than one year. Capital assets are recorded at historical cost, or estimated historical cost if actual historical cost is unavailable. Contributed capital assets are recorded at their acquisition value at the date of donation.

Capital assets used in operations are depreciated or amortized using the straight line method over the assets estimated useful life in the government-wide financial statements. The range of estimated useful lives by type of asset is as follows:

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Equipment	3 to 10 Years
Structures and Improvements	5 to 50 Years
Infrastructure	20 to 75 Years

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

L. Property Tax

The State of California's (State) Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed 1% 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 Colusa is responsible for assessing, collecting, and distributing property taxes in accordance with State law. Property taxes are levied on both secured (real property) and unsecured (personal property other than land and buildings) property.

**COUNTY OF COLUSA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Supplemental property taxes are assessed upon transfer of ownership in property or completion of new construction.

The County levies, bills, and collects taxes as follows:

	<u>Secured</u>	<u>Unsecured</u>
Valuation/Lien Dates	January 1	January 1
Due Dates	November 1 (1st Installment) February 1 (2nd Installment)	July 1
Delinquent Dates	December 10 (1st Installment) April 10 (2nd Installment)	August 31

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

The County is legally required to maintain a minimum balance of 1% of the annual taxes levied on properties participating in the Teeter Plan. The balance in the TLRF was \$359,891 at June 30, 2018. 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.

M. Interfund Transactions

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

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

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

Reimbursements occur when the funds responsible for particular expenditures or expenses repay the funds that initially paid for them. Such reimbursements are reflected

COUNTY OF COLUSA, CALIFORNIA
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as expenditures or expenses in the reimbursing fund and reductions to expenditures or expenses in the reimbursed fund.

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

N. Unearned Revenue

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

O. Compensated Absences

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

P. 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) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement

COUNTY OF COLUSA, CALIFORNIA
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element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has three types of items which qualify for reporting in this category. One item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for receivables that have not been received within the modified accrual period. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item relates to the inflows from changes in the net pension liability and is reportable on the statement of net position. The third item relates to the inflows from changes in the OPEB liability and is reportable on the statement of net position.

R. Estimates

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

S. Reclassifications

Certain prior year amounts have been reclassified for consistency with the presentation in the current-year financial statements.

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

Governmental Accounting Standards Board Statement No. 75

In June 2015, the GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which establishes new accounting and financial reporting requirements for OPEB plans improving the accounting and financial reporting by state and local governments for OPEB and provides information provided by state and local government employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. GASB Statement No. 57. As of July 1, 2017 the County implemented this Statement and restated the beginning net position on the government-wide statements for governmental activities and business type activities by \$12.3 million and \$128 thousand, respectively, to establish beginning net OPEB liability of \$17.6 million and \$158 thousand respectively. Additionally, beginning net position on the proprietary fund statements for enterprise funds was restated by \$128 thousand, to establish beginning net OPEB liability of \$158 thousand.

COUNTY OF COLUSA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balance/Net Position

The following major special revenue fund had a deficit fund balance. This deficit is the result of timing differences for revenue accruals.

Health and Human Services	\$ 1,158
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The following major enterprise fund had a deficit net position. This deficit is expected to be eliminated through future debt retirement and increased revenues.

Solid Waste	\$ 3,391,293
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The following nonmajor governmental funds had deficit fund balances. These deficit balances are the result of timing differences in revenue accruals or are expected to be eliminated in future years through cost containment.

County Service Areas	\$ 646,973
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The following nonmajor enterprise fund had a deficit net position. This deficit is expected to be eliminated through future net pension liability payments.

East Park Reservoir	\$ 205,238
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NOTE 3 CASH AND INVESTMENTS

The County Treasurer manages, in accordance with California Government Code Section 53600, funds deposited in the investment pool by the County, all County school districts, various districts, and some cities within the County. The County investment pool is not registered with the Securities and Exchange Commission as an investment company. California Government Code and the County's investment policy govern the investment pool activity. The objectives of the policy are in order of priority, safety, liquidity, yield and public trust. The pool attempts to match maturities with planned outlays and maximize the return on investment over various market cycles. Yield is considered only after safety and credit quality have been met, consistent with limiting risk and prudent investment principles.

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

The County sponsored investment pool includes both internal and external participants. The portion of the pool attributable to external pool participants, which are considered involuntary participants, are included in the primary government as an Investment Trust Fund which

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does not have separate financial reports. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer. The investments of involuntary participants in the investment pool totaled \$64,228,272 at June 30, 2018.

A. Financial Statement Presentation

As of June 30, 2018, the County's cash and investments are reported in the financial statements as follows:

Primary Government	\$ 31,487,658
Investment Trust Funds	64,228,272
Agency Funds	1,797,148
Total Cash and Investments	\$ 97,513,078

As of June 30, 2018, the County's cash and investments consisted of the following:

Cash:	
Cash On Hand	\$ 94,008
Deposits in Treasurer's Pool (Less Outstanding Warrants)	62,992
Total Cash	157,000
Investments:	
In Treasurer's Pool	97,356,078
Total Cash and Investments	\$ 97,513,078

B. Cash

At year end, the carrying amount of the County's cash deposits (including amounts in checking accounts and money market accounts) was \$62,992 and the bank balance was \$13,650,507. The difference between the bank balance and the carrying amount represents outstanding warrants and wire transfers and deposits in transit. In addition, the County had cash on hand of \$94,008.

Custodial Credit Risk for Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The County's investment policy requires that deposits in banks must meet the requirements of the California Government Code. Under this code, deposits of more than \$250,000 must be collateralized at 105% to 150% of the value of the deposit to guarantee the safety of the public funds. The first \$250,000 of the County's deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Deposits in excess of the \$250,000 insured amount are collateralized.

C. Investments

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

COUNTY OF COLUSA, CALIFORNIA
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JUNE 30, 2018

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

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

- Local Agency Bonds
- United State Treasury Notes, Bonds, Bills, or Certificates of Indebtedness
- California State Registered Warrants, Treasury Notes, and Bonds
- Local Agency Obligations
- Securities of the Federal Government or its Agencies
- Banker's Acceptances
- Commercial Paper
- Negotiable Certificates of Deposit
- Repurchase Agreements
- Reverse Repurchase Agreements
- Medium Term Corporate Notes
- Mutual Funds
- Investments Permitted by Provision in Debt Agreements
- Asset Secured Indebtedness
- Collateralized Mortgage Obligations
- Contracted Non-Negotiable Time Deposits
- Local Agency Investment Fund

Fair Value of Investments

The County measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices, and
- Level 3: Unobservable inputs

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

COUNTY OF COLUSA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
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At June 30, 2018, the County had the following recurring fair value measurements:

Investment Type	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value				
Government Agencies	\$ 49,960,889	\$ -	\$ 49,960,889	\$ -
Municipal Bonds	2,999,321	-	2,999,321	-
Total Investments Measured at Fair Value	52,960,210	\$ -	\$ 52,960,210	\$ -
Investments in External Investment Pool				
Local Agency Investment Fund (LAIF)	44,395,868			
Total Investments	\$ 97,356,078			

Interest Rate Risk

Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. To limit the exposure to fair value losses from increases in interest rates, the County's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the County to meet all projected obligations.

As of June 30, 2018, the County had the following investments:

Investment Type	Interest Rates	Maturities			Fair Value	Weighted Average Maturity (Years)
		0 to 1 Year	1 to 5 Years	Over 5 Years		
Government Agencies	Variable	\$ 7,975,640	\$ 8,643,293	\$ 33,341,956	\$ 49,960,889	7.49
Municipal Bonds	2.62 to 3.10%	-	1,084,721	1,914,600	2,999,321	7.38
LAIF	Variable	44,395,868	-	-	44,395,868	-
Total Investments		\$ 52,371,508	\$ 9,728,014	\$ 35,256,556	\$ 97,356,078	-

Credit Risk

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

Investment Type	Minimum Legal Rating	Standard & Poor's Rating	Moody's Rating	% of Portfolio
Government Agencies	-	-	-	51.32%
Municipal Bonds	N/A	AAA	Aaa	3.08%
LAIF	N/A	Unrated	Unrated	45.60%
Total				100.00%

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of a depository institution, the County will not be able to recover its deposits or collateral securities that are in the possession of an outside party. To mitigate the custodial credit risk the County requires that all of its managed investments be held in safekeeping by the Treasurer's bank or its safekeeping agent.

**COUNTY OF COLUSA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. The County's investment policy contains limitations on the amount that can be invested in any one issuer. The County did not have any investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) at June 30, 2018, that represent 5% or more of total County investments.

D. Investment in External Investment Pools

The County of Colusa maintains an investment in the State of California Local Agency Investment Fund (LAIF), managed by the State Treasurer. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. At June 30, 2018, the County's investment in LAIF valued at amortized cost was \$44,395,868 and is the same as the value of the pool shares. There are no restrictions on withdrawal of funds. The total amount invested by all public agencies in LAIF on that day was \$88.82 billion. Of that amount, 97.33% is invested in non-derivative financial products and 2.67% in structured notes and asset-backed securities.

E. County Investment Pool Condensed Financial Information

The following are condensed statements of net position and changes in net position for the Treasurer's Pool at June 30, 2018:

Statement of Net Position

Equity of internal pool participants	33,284,806
Equity of external pool participants	<u>64,228,272</u>
Net Position at June 30, 2018	<u><u>\$ 97,513,078</u></u>

Statement of Changes in Net Position

Net Position at July 1, 2017	\$ 99,654,992
Net Changes in Investments by Pool Participants	<u>(2,141,914)</u>
Net Position at June 30, 2018	<u><u>\$ 97,513,078</u></u>

**COUNTY OF COLUSA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 4 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Additions	Retirements	Transfers/ Adjustments	Balance June 30, 2018
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 663,873	\$ 86,000	\$ -	\$ -	\$ 749,873
Construction In Progress	1,635,090	3,658,430	-	(1,172,842)	4,120,678
Total Capital Assets, Not Being Depreciated	<u>2,298,963</u>	<u>3,744,430</u>	<u>-</u>	<u>(1,172,842)</u>	<u>4,870,551</u>
Capital Assets, Being Depreciated:					
Infrastructure	55,459,129	-	-	857,541	56,316,670
Structures and Improvements	24,153,848	380,426	-	315,301	24,849,575
Equipment	10,313,098	812,042	(286,488)	-	10,838,652
Software	339,385	-	-	-	339,385
Total Capital Assets, Being Depreciated	<u>90,265,460</u>	<u>1,192,468</u>	<u>(286,488)</u>	<u>1,172,842</u>	<u>92,344,282</u>
Less Accumulated Depreciation for:					
Infrastructure	(13,843,941)	(1,126,322)	-	-	(14,970,263)
Structures and Improvements	(14,297,588)	(699,485)	-	-	(14,997,073)
Equipment	(7,438,741)	(628,871)	213,269	-	(7,854,343)
Software	(339,385)	-	-	-	(339,385)
Total Accumulated Depreciation	<u>(35,919,655)</u>	<u>(2,454,678)</u>	<u>213,269</u>	<u>-</u>	<u>(38,161,064)</u>
Total Capital Assets, Being Depreciated, Net	<u>54,345,805</u>	<u>(1,262,210)</u>	<u>(73,219)</u>	<u>1,172,842</u>	<u>54,183,218</u>
Governmental Activities Capital Assets, Net	<u>\$ 56,644,768</u>	<u>\$ 2,482,220</u>	<u>\$ (73,219)</u>	<u>\$ -</u>	<u>\$ 59,053,769</u>
	Balance July 1, 2017	Additions	Retirements		Balance June 30, 2018
Business-Type Activities					
Capital Assets, Being Depreciated:					
Structures and Improvements	\$ 295,857	\$ -	\$ -		\$ 295,857
Equipment	82,951	-	-		82,951
Total Capital Assets, Being Depreciated	<u>378,808</u>	<u>-</u>	<u>-</u>		<u>378,808</u>
Less Accumulated Depreciation for:					
Structures and Improvements	(211,060)	(7,709)	-		(218,769)
Equipment	(82,950)	-	-		(82,950)
Total Accumulated Depreciation	<u>(294,010)</u>	<u>(7,709)</u>	<u>-</u>		<u>(301,719)</u>
Total Capital Assets, Being Depreciated, Net	<u>84,798</u>	<u>(7,709)</u>	<u>-</u>		<u>77,089</u>
Business-Type Activities Capital Assets, Net	<u>\$ 84,798</u>	<u>\$ (7,709)</u>	<u>\$ -</u>		<u>\$ 77,089</u>

Depreciation

Depreciation expense was charged to governmental functions as follows at June 30, 2018:

General Government	\$ 181,656
Public Protection	519,277
Health and Sanitation	140,840
Public Assistance	45,195
Education	5,777
Public Ways and Facilities	1,561,933
Total Depreciation Expense - Governmental Functions	<u>\$ 2,454,678</u>

**COUNTY OF COLUSA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Depreciation expense was charged to business-type functions as follows at June 30, 2018:

Solid Waste	<u>\$</u>	<u>7,709</u>
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Construction in Progress

Construction in progress related primarily to work performed on bridge projects and road projects.

NOTE 5 INTERFUND TRANSACTIONS

Due To/From Other Funds

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds. The following are due from and due to balances as of June 30, 2018:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 232,509	\$ -
Health and Sanitation	-	232,509
Public Assistance	671,152	-
Nonmajor Governmental Funds	-	658,172
Nonmajor Enterprise Funds	-	12,980
Total	<u>\$ 903,661</u>	<u>\$ 903,661</u>

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service and reallocations of special revenues. The following are the interfund transfer balances as of June 30, 2018:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 2,325,564	\$ 1,406,967
Health and Human Services	7,804,435	333,100
Loan Programs	126,592	565,022
Public Ways and Facilities	1,189,488	152,800
Health and Sanitation	514,511	3,714,095
Public Assistance	2,830,931	7,830,641
Solid Waste	-	4,800
Nonmajor Governmental Funds	152,335	947,688
Nonmajor Enterprise Funds	100,000	88,743
Total	<u>\$ 15,043,856</u>	<u>\$ 15,043,856</u>

COUNTY OF COLUSA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 UNEARNED/UNAVAILABLE REVENUE

At June 30, 2018, components of unearned and unavailable revenues were as follows:

	<u>Unearned</u>	<u>Unavailable</u>	<u>Total</u>
General Fund			
State, Federal, and Other Agency Grant Revenue Receivable	\$ -	\$ 1,664,494	\$ 1,664,494
Health and Human Services			
State, Federal, and Other Agency Grant Revenue Receivable	-	231,463	231,463
Loan Programs			
State, Federal, and Other Agency Grant Revenue Receivable	-	1,325,931	1,325,931
Public Ways and Facilities			
State, Federal, and Other Agency Grant Revenue Receivable			
Subdivision Plan Review Fees Received in Advance	62,080	210,420	-
Health and Sanitation			
State, Federal, and Other Agency Grant Revenue Receivable	-	376,673	376,673
Public Assistance			
State, Federal, and Other Agency Grant Revenue Receivable	-	280,827	280,827
Nonmajor Governmental Funds			
State and Grant Revenue Receivable	-	106,254	106,254
Total Unearned/Unavailable Revenue	<u>\$ 62,080</u>	<u>\$ 4,196,062</u>	<u>\$ 4,258,142</u>

NOTE 7 LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

Type of Indebtedness	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018	Amounts Due Within One Year
Governmental Activities					
Loans	\$ 125,614	\$ -	\$ (11,134)	\$ 114,480	\$ 5,724
Pension Obligation Bonds	519,500	-	(519,500)	-	-
Capital Leases	176,769	-	(68,528)	108,241	34,724
Compensated Absences	1,873,185	2,463,248	(2,228,778)	2,107,655	849,908
Total Governmental Activities	<u>\$ 2,695,068</u>	<u>\$ 2,463,248</u>	<u>\$ (2,827,940)</u>	<u>\$ 2,330,376</u>	<u>\$ 890,356</u>
Business-Type Activities					
Compensated Absences	\$ 4,674	\$ 5,184	\$ (6,101)	\$ 3,757	\$ -
Closure/Postclosure	4,102,874	68,364	(42,825)	4,128,413	42,825
Total Business-Type Activities	<u>\$ 4,107,548</u>	<u>\$ 73,548</u>	<u>\$ (48,926)</u>	<u>\$ 4,132,170</u>	<u>\$ 42,825</u>

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the above totals for governmental activities. The capital lease liability is liquidated by lease payments made by the departments leasing the equipment. Compensated absences for the governmental activities are generally liquidated by the fund where the accrued liability occurred. The closure/postclosure liability will be liquidated by the Solid Waste fund.

**COUNTY OF COLUSA, CALIFORNIA
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Individual issues of debt payable outstanding at June 30, 2018 are as follows:

Governmental Activities

Loans:

California Department of Water Resources loan issued April 2, 2004 in the amount of \$171,720 and payable in annual installments of \$5,724, with an interest rate of 0.00% and maturity on July 1, 2038. The loan was used for CSA #2 water system improvements.

\$ 114,480

Following is a schedule of debt payment requirements of governmental activities and business-type activities to maturity for long-term debt, excluding compensated absences that have indefinite maturities, capital leases which are reported in Note 8 and landfill postclosure costs which are reported in Note 9.

Year Ending June 30	Loans		
	Principal	Interest	Total
2019	\$ 5,724	\$ -	\$ 5,724
2020	5,724	-	5,724
2021	5,724	-	5,724
2022	5,724	-	5,724
2023	5,724	-	5,724
2024 - 2028	28,620	-	28,620
2029 - 2033	28,620	-	28,620
2034 - 2038	28,620	-	28,620
Total	<u>\$ 114,480</u>	<u>\$ -</u>	<u>\$ 114,480</u>

NOTE 8 LEASES

Capital Leases

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

	Stated Interest Rate	Present Value of Remaining Payments at June 30, 2018
Governmental Activities	5.25%	<u>\$ 108,241</u>

COUNTY OF COLUSA, CALIFORNIA
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Structures, improvements, equipment, and related accumulated depreciation under capital lease are as follows at June 30, 2018:

	Governmental Activities
Structures and Improvements	\$ 2,116,927
Equipment	236,000
Less: Accumulated Depreciation	(1,247,024)
Net Value	\$ 1,105,903

As of June 30, 2018, capital lease annual amortization is as follows:

Year Ending June 30	Governmental Activities
2019	\$ 38,165
2020	38,165
2021	37,830
Total Requirements	114,160
Less: Interest	(5,919)
Present Value of Remaining Payments	\$ 108,241

NOTE 9 CLOSURE/POSTCLOSURE

The County of Colusa is responsible for one operating and one closed landfill site. State and federal laws and regulations require the County to perform certain closure and postclosure maintenance and monitoring functions at the site for 30 years after closure. GASB Statement No. 18 requires a portion of these closure and postclosure care costs be reported as an operating expense in each period based on landfill capacity used as of each statement of net position date.

The total liability of \$4,128,413 is reported as a closure/postclosure liability in the Solid Waste enterprise fund at June 30, 2018. Of this total liability, closure costs for Evans Road site is considered complete and therefore zero, and closure costs for Stonyford site is calculated based on usage of approximately 62% of total estimated site capacity and is \$689,808. The corrective action liability for Evans Road is \$1,259,500 and for Stonyford is \$736,338. The remainder of the total liability is for postclosure. Evans Road postclosure costs are estimated at \$556,721, based on usage of 100%. Stonyford postclosure costs are estimated at \$886,046, based on usage of approximately 62%. The estimated remaining life of the landfill is 13 years.

The County will recognize the remaining estimated cost of closure as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2018. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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The County is required by State and Federal laws and regulations to provide financial assurance that appropriate resources will be available to finance closure and postclosure care costs in the future. At June 30, 2018, net position of \$588,646 was held for funding purposes for Stonyford Landfill and \$25,561 was held for funding purposes for Evans Landfill. The County has approved a pledge of revenue to fund Evans Landfill postclosure costs, however the Solid Waste fund has a total deficit net position of \$3,391,293. The County expects that future inflation costs will be paid from interest earnings on annual contributions to the closure reserve. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

NOTE 10 NET POSITION

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

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

Net Position Flow Assumption

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

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NOTE 11 FUND BALANCES

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2018, fund balance for governmental funds is made up of the following:

- **Nonspendable fund balance** - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash (e.g., inventories and prepaid amounts).
- **Restricted fund balance** - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- **Committed fund balance** - amounts that can only be used for the specific purposes determined by formal action of the County’s highest level of decision-making authority. The Board of Supervisors is the highest level of decision making authority for the County that can, by adoption of an ordinance commit fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned fund balance** - amounts that are constrained by the County’s intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose.
- **Unassigned fund balance** - the residual classification for the County’s General fund that includes all amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

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The fund balances for all major and nonmajor governmental funds as of June 30, 2018 were distributed as follows:

	General	Health and Human Services	Loan Programs	Public Ways and Facilities	Health and Sanitation	Public Assistance	Other Governmental Funds	Total
Nonspendable:								
Prepaid Costs	\$ 36,752	\$ 19,006	\$ -	\$ 206	\$ 1,474	\$ -	\$ 6,376	\$ 63,814
Inventory	2,341	-	-	86,897	-	-	-	89,238
Subtotal	<u>39,093</u>	<u>19,006</u>	<u>-</u>	<u>87,103</u>	<u>1,474</u>	<u>-</u>	<u>6,376</u>	<u>153,052</u>
Restricted for:								
General	2,293,960	-	6,299,182	-	-	-	399,270	8,992,412
Public Protection	-	-	-	-	-	-	2,989,041	2,989,041
Health and Sanitation	-	-	-	-	8,501,152	-	-	8,501,152
Public Works	-	-	-	3,051,724	-	-	-	3,051,724
Public Assistance	-	-	-	-	-	3,632,591	-	3,632,591
Education	-	-	-	-	-	-	268,971	268,971
Parks and Recreation	-	-	-	-	-	-	4,570	4,570
Capital Projects	-	-	-	-	-	-	770,887	770,887
Subtotal	<u>2,293,960</u>	<u>-</u>	<u>6,299,182</u>	<u>3,051,724</u>	<u>8,501,152</u>	<u>3,632,591</u>	<u>4,432,739</u>	<u>28,211,348</u>
Committed to:								
Public Works	-	-	-	1,439,578	-	-	-	1,439,578
County Roads	-	-	-	289,137	-	-	-	289,137
Bridges	-	-	-	56,630	-	-	-	56,630
Stonyford Maintenance	-	-	-	-	-	-	14,155	14,155
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,785,345</u>	<u>-</u>	<u>-</u>	<u>14,155</u>	<u>1,799,500</u>
Assigned to:								
General	7,031,594	-	-	-	-	-	-	7,031,594
Subtotal	<u>7,031,594</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,031,594</u>
Unassigned	<u>-</u>	<u>(20,164)</u>	<u>(4,859)</u>	<u>(4,428)</u>	<u>(301,116)</u>	<u>(275,020)</u>	<u>(745,992)</u>	<u>(1,351,579)</u>
Total	<u>\$ 9,364,647</u>	<u>\$ (1,158)</u>	<u>\$ 6,294,323</u>	<u>\$ 4,919,744</u>	<u>\$ 8,201,510</u>	<u>\$ 3,357,571</u>	<u>\$ 3,707,278</u>	<u>\$ 35,843,915</u>

Fund Balance Flow Assumption

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

Fund Balance Policy

The Board of Supervisors has adopted a fund balance policy for financial statement reporting. The policy establishes procedures for reporting fund balance classifications and establishes a hierarchy of fund balance expenditures.

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Reclassification of Fund Balances

Certain funds were reclassified for the current-year presentation as follows:

	Governmental Funds		
	Loan Programs	Public Ways and Facilities	Health and Sanitation
Fund balance, June 30, 2017, as previously reported	\$ -	\$ -	\$ -
Amounts reclassified to conform to current year fund presentation	681,422	7,399,035	6,859,434
Fund balance, June 30, 2017, as reclassified	<u>\$ 681,422</u>	<u>\$ 7,399,035</u>	<u>\$ 6,859,434</u>

	Governmental Funds		
	Public Assistance	Premiere Mushroom	Other Govt. Funds
Fund balance, June 30, 2017, as previously reported	\$ -	\$ 103	\$ 21,590,217
Amounts reclassified to conform to current year fund presentation	3,080,154	(103)	(18,019,942)
Fund balance, June 30, 2017, as reclassified	<u>\$ 3,080,154</u>	<u>\$ -</u>	<u>\$ 3,570,275</u>

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NOTE 12 PRIOR PERIOD ADJUSTMENTS

Adjustments resulting from the implementation of new standards or errors are treated as prior period adjustments. Accordingly, the County reports these changes as restatements of beginning fund balance / net position. Restatements as of the beginning of the fiscal year were made to restate the reporting of prior year revenues and expenses / expenditures.

The impact of the restatements on the fund balances / net position as previously reported is presented below:

	Government-Wide Statements		Governmental Funds
	Governmental Activities	Business Type Activities	Loan Programs
Fund balance / net position, June 30, 2017, as previously reported	\$ 45,484,594	\$ (3,069,594)	\$ 681,422
Implementation of new accounting standard: Recognize beginning balance of net OPEB liability and related deferred inflows and outflows for initial year of GASB 75 implementation.	(12,328,874)	(127,826)	-
Correction: Reclassify deferred inflows related to loans receivable to fund balance / net position in a prior period	5,534,193	-	5,534,193
Fund balance / net position, June 30, 2017, as restated	\$ 38,689,913	\$ (3,197,420)	\$ 6,215,615
	Enterprise Funds		
	Solid Waste	Other Enterprise Funds	
Fund balance / net position, June 30, 2017, as previously reported	\$ (3,270,199)	\$ 200,605	
Implementation of new accounting standard: Recognize beginning balance of net OPEB liability and related deferred inflows and outflows for initial year of GASB 75 implementation.	(36,631)	(91,195)	
Fund balance / net position, June 30, 2017, as restated	\$ (3,306,830)	\$ 109,410	

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NOTE 13 PENSION PLAN

A. General Information about the Pension Plan

Plan Description

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

Effective January 1, 2013, the County added retirement tiers for new employees as required under the Public Employee Pension Reform Act (PEPRA). New employees hired on or after January 1, 2013 will be subject to new, lower pension formulas, caps on pensionable income levels and new definitions of pensionable income. In addition, new employees will be required to contribute half of the total normal cost of the pension benefit unless impaired by an existing Memorandum of Understanding. The cumulative effect of these PEPRA changes will ultimately reduce the County's retirement costs.

Summary of Rate Tiers and Eligible Participants

Open for New Enrollment	
Miscellaneous PEPRA	Miscellaneous Members Hired on or After January 1, 2013
Safety - County Peace Officer PEPRA Tier 2	Safety County Peace Officers Hired on or After October 1, 2016
Closed to New Enrollment	
Miscellaneous	Miscellaneous Employees Hired Before January 1, 2013
Safety - County Peace Officer	Safety County Peace Officers Hired Before January 1, 2013
Safety - County Peace Officer PEPRA	Safety County Peace Officers Hired on or After January 1, 2013 and before October 1, 2016

Benefits Provided

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

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Each Rate Tiers' specific provisions and benefits in effect at June 30, 2018 are summarized as follows:

	Benefit Formula	Retirement Age	Monthly Benefits as a % of Eligible Compensation
Miscellaneous	3.0% at 60	50 to 60 Years	2.0% to 3.0%
Miscellaneous PEPRA	2.5% at 67	52 to 67 Years	1.0% to 2.5%
Safety County Peace Officer	3.0% at 50	50 Years	3.0%
Safety County Peace Officer PEPRA	2.7% at 57	50 to 57 Years	2.0% to 2.7%
Safety County Peace Officer PEPRA Tier 2	2.5% at 57	50 to 57 Years	2.0% to 2.5%

Employees Covered

At June 30, 2018, the following employees were covered by the benefit terms for the Miscellaneous Rate Tier:

	Inactive Employees or Beneficiaries Currently Receiving Benefits	Inactive Employees Entitled to but Not Yet Receiving Benefits	Active Employees
Miscellaneous	363	294	306

Contributions

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

	Employer Contribution Rates	Employee Contribution Rates	Employer Paid Member Contribution Rates
Miscellaneous	27.642%	8.000%	0.000%
Miscellaneous PEPRA	27.642%	6.500%	0.000%
Safety County Peace Officer	34.321%	9.000%	0.000%
Safety County Peace Officer PEPRA	26.588%	11.500%	0.000%
Safety Peace Officer PEPRA Tier 2	26.588%	11.500%	0.000%

A. Net Pension Liability

The County's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

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Actuarial Assumptions

The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Projected Salary Increase	Varies by entry-age and service
Mortality	Derived using CalPERS membership data for all funds
Post-Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period 1997 to 2011 including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website.

Change of Assumptions

In 2017, amounts reported reflect an adjustment of the discount rate from 7.65% (net of administrative expense) to 7.15% (without a reduction for pension plan administrative expense). In 2016, amounts reported were based on the 7.65% discount rate.

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at the CalPERS website under the GASB 68 section.

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

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

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calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	New Strategic Allocation	Real Return Years 1 to 10(a)	Real Return Years 11 +(b)
Global Equity	47.0%	4.90%	5.38%
Fixed Income	19.0	0.80	2.27
Inflation Assets	6.0	0.60	1.39
Private Equity	12.0	6.60	6.63
Real Estate	11.0	2.80	5.21
Infrastructure and Forestland	3.0	3.90	5.36
Liquidity	2.0	(0.40)	(0.90)
Total	<u>100.0%</u>		

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

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

B. Changes in the Net Pension Liability

As of June 30, 2018, the changes in the net pension liability of the agent multiple-employer defined benefit pension plan including independent entities (courts), is as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Miscellaneous:			
Balance at June 30, 2017	\$ 126,216,231	\$ 78,686,423	\$ 47,529,808
Changes in the Year:			
Service Cost	3,161,520	-	3,161,520
Interest on the Total Pension Liability	9,906,389	-	9,906,389
Changes of assumptions	7,905,010	-	7,905,010
Differences Between Expected and Actual Experience	429,059	-	429,059
Plan to plan resource movement	-	(24,493)	24,493
Contribution - Employer	-	3,842,246	(3,842,246)
Contribution - Employee	-	1,226,235	(1,226,235)
Net Investment Income	-	9,393,011	(9,393,011)
Benefit Payments, Including Refunds of Employee Contributions	(6,719,959)	(6,719,959)	-
Administrative Expense	-	(121,495)	121,495
Change in allocation to independent entities	5,779,819	3,603,287	2,176,532
Net Changes	<u>20,461,838</u>	<u>11,198,832</u>	<u>9,263,006</u>
Balance at June 30, 2018	<u>\$ 146,678,069</u>	<u>\$ 89,885,255</u>	<u>56,792,814</u>

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As of June 30, 2018, the County reported net pension liabilities for its proportionate share of the net pension liability of the cost sharing multiple-employer defined benefit pension plan as follows:

	Proportionate Share of Net Pension Liability
Safety County Peace Officer	\$ 14,060,370

The County's net pension liability for the cost sharing multiple-employer defined benefit pension plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The County's proportionate share of the net pension liability for the cost sharing multiple-employer defined benefit pension plan as of June 30, 2016 and 2017 was as follows:

	Proportion June 30, 2016	Proportion June 30, 2017	Change Increase (Decrease)
Safety County Peace Officer	0.14054%	0.14178%	0.00124%

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

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

	1% Decrease 6.15%	Discount Rate 7.15%	1% Increase 8.15%
Miscellaneous	\$ 75,840,540	\$ 56,792,814	\$ 40,983,122
Safety County Peace Officer	21,512,582	14,060,370	7,968,558

Pension Plan Fiduciary Net Position

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

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

Miscellaneous Plan

For the year ended June 30, 2018, the County recognized pension expense of \$11,154,064. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions Subsequent to the Measurement Date	\$ 4,217,352	\$ -
Changes of Assumptions	5,270,007	-
Differences Between Expected and Actual Experience	286,039	64,509
Net Differences Between Projected and Actual Earnings on Plan Investments	<u>976,257</u>	<u>-</u>
Total	<u><u>\$ 10,749,655</u></u>	<u><u>\$ 64,509</u></u>

\$4,217,352 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2019	\$ 2,639,248
2020	4,099,525
2021	447,931
2022	(718,910)

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Safety Plan

For the year ended June 30, 2018, the County recognized pension expense of \$2,024,882. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions Subsequent to the Measurement Date	\$ 1,431,684	\$ -
Changes of Assumptions	2,255,795	173,071
Differences Between Expected and Actual Experience	155,545	40,555
Net Differences Between Projected and Actual Earnings on Plan Investments	491,852	-
Adjustment Due to Differences in Proportions	115,054	43,028
Difference Between County Contributions and Proportionate Share of Contributions	-	167,765
Total	<u>\$ 4,449,930</u>	<u>\$ 424,419</u>

\$1,431,684 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2019	\$ 635,335
2020	1,379,445
2021	866,850
2022	(287,803)

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. Plan Description

The County of Colusa Retiree Healthcare Plan (Plan) is a single-employer defined benefit healthcare plan administered by the County. The Plan provides healthcare benefits to eligible retirees and their dependents through the California Public Employees' Retirement System healthcare program (PEMHCA). The Plan provides lifetime healthcare insurance coverage for eligible retirees and their dependents through the County's group medical insurance plan, which covers both active and retired participants. Benefit provisions are established and may be amended through agreements and memorandums of understanding between the County and its employees.

The County offers the same medical plans to its retirees as to its active employees, with the exception that once a retiree becomes eligible for Medicare (that is, reaches age 65), he or she must join a Medicare HMO or a Medicare Supplement plan, with Medicare becoming the primary payer.

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Employees become eligible to retire and receive County-paid healthcare benefits upon attainment of age 50 and 5 years of covered PERS service (age 52 and 5 years for PEPRA Miscellaneous employees). Benefits are paid for the lifetime of the retiree and spouse or surviving spouse (and dependent children up to the age of 26). The County's contribution on behalf of all eligible retirees and surviving spouses is the same as its contribution for active employees (\$125.00 for 2017 and \$128 for 2018, indexed by the Medical CPI thereafter).

In addition to the PEMHCA minimum, the County pays \$128.26 per month to a third party administrator, which in turn pays this amount to eligible retirees participating in PEMHCA through a qualified Health Reimbursement Arrangement. Amounts may not be carried forward from one year to the next and are not credited with interest. Because the amount is paid only to PEMHCA retirees, and because the amount together with the PEMHCA minimum is in all cases less than applicable PEMHCA premiums, no proof of payment is required, and all amounts are treated as being used to defray eligible medical expenses. This benefit meets all the GASB requirements of a defined benefit OPEB and has, therefore, been included in the County's OPEB liabilities. The \$128.26 is expected to be frozen for all future years, and applied to both current retirees as well as active employees hired before January 1, 2013 and retiring or expected to retire after that date. Employees hired on or after January 1, 2013 receive the PEMHCA minimum only. As per the most recent negotiated MOU between the County and the employees, as the PEMHCA minimum increases each year for the active employees the additional \$128.26 will be reduced by an equal amount in order to keep the total benefit amount to \$253.26. For retirees, no offsetting adjustment is made to the \$128.26.

B. Employees Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	172
Inactive Employees Entitled To, But Not Yet Receiving Benefits	-
Active Employees	346
Total	518

C. Contributions

During the annual budget adoption process the Board of Supervisors authorizes a set monthly contribution amount for the coming year that will be charged to cover OPEB liabilities. For the year ended June 30, 2018, the County's contribution amount was \$400 per employee per month. Employees are not required to contribute to the plan.

**COUNTY OF COLUSA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

D. Actuarial Assumptions

The County's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Valuation Date	June 30, 2018
Contribution Policy	County contributes full ADC
Discount Rate	5.0% at June 30, 2018 3.6% at June 30, 2017
Expected Long-Term Rate of Return on Investments	Same as discount rate - expected County contributions projected to keep sufficient plan assets to pay all benefits from trust
General Inflation	2.25% per annum
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 experience study
Mortality Improvement	Mortality projected fully generational with Scale MP-17
Salary Increases	Aggregate - 3% Merit - CalPERS 1997-2015 experience study
Healthcare Trend	7.00% for 2017/18, decreasing to 5.00% for 2019/20 and after
Healthcare Participation for Future Retirees	Hires before July 1, 2008 - 65% without 20 years service and 95% with 20 years service Hires after July 1, 2008 - 50%
Cap Increases	Fixed Cap: 0% Premium Cap - healthcare trend PEMHCA Minimum: 4.25%

E. Target Asset Allocation

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	57.0%	4.82%
Fixed Income	27.0	1.47
TIPS	5.0	1.29
Commodities	3.0	0.84
REITs	8.0	0.40
Total	<u>100.0%</u>	

**COUNTY OF COLUSA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

F. Changes in the OPEB Liability

The changes in the net OPEB liability for the County are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance - June 30, 2017	\$ 17,795,395	\$ -	\$ 17,795,395
Change in the Year:			
Service Cost	599,212	-	599,212
Interest on Total OPEB Liability	648,011	-	648,011
Benefit Changes	-	-	-
Differences Between Expected and Actual Experience	4,360	-	4,360
Changes of Assumptions	(2,929,481)	-	(2,929,481)
Contributions - Employer	-	10,184,769	(10,184,769)
Benefit Payments, Including Refunds of Employee Contributions	(792,982)	-	(792,982)
Net Changes	<u>(2,470,880)</u>	<u>10,184,769</u>	<u>(12,655,649)</u>
Balance - June 30, 2018	<u>\$ 15,324,515</u>	<u>\$ 10,184,769</u>	<u>\$ 5,139,746</u>

G. Discount Rate and Trend Sensitivity

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

	Discount Rate		
	1% Decrease 4.00%	Current Rate 5.00%	1% Increase 6.00%
Net OPEB Liability (Asset)	\$ 7,145,290	\$ 5,139,746	\$ 3,490,018

The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Healthcare Trend Rate		
	1% Decrease	Current Trend	1% Increase
Net OPEB Liability (Asset)	\$ 4,770,993	\$ 5,139,746	\$ 5,567,313

**COUNTY OF COLUSA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

H. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018, the County recognized OPEB expense of \$3,305,000. As of fiscal year ended June 30, 2018, the County reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Assumptions	\$ -	\$ 2,402,082
Differences Between Expected and Actual Experience	3,575	-
Total	\$ 3,575	\$ 2,402,082

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

Year Ending June 30	Amount
2018	\$ (526,613)
2019	(526,613)
2020	(526,613)
2021	(526,613)
2022	(292,055)

NOTE 15 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 a risk management fund (Insurance) which is an Internal Service fund to account for and finance self-insured risks of loss. The County is a member of the Trindel Insurance Fund. The County is self-insured with Trindel Insurance Fund for liability and property claims for the first \$100,000 and \$25,000, respectively. The County is insured with CSAC-Excess Insurance Authority for excess liability claims for the next \$29,900,000. The County is also insured with CSAC-Excess Insurance Authority for excess property claims for the next \$300,000,000. There is a \$1,000 deductible for property damage. The County is self-insured for Worker's Compensation claims for the first \$300,000 with Trindel Insurance Fund and insured with CSAC-Excess Insurance Authority up to statutory limits. Additionally, the County has a \$10,000,000 Faithful Performance Blanket bond and Crime Bond with a \$5,000 deductible.

Actual claims unpaid as of June 30, 2018, including any estimates for incurred but not reported (IBNR) amounts, constitute claims payable. The claims liability at June 30, 2018 was \$1,186,444.

All funds of the County participate in the program and make payments to the Insurance fund based on estimates of the amounts needed to pay prior and current year claims. At June 30, 2018, the Insurance fund equity was \$1,866,714. The claims liability of \$1,186,444 reported in the fund at June 30, 2018 is based on the requirements of Governmental Accounting

**COUNTY OF COLUSA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably determined.

Changes in the County's claims liability amount for fiscal years 2017, and 2018 were as follows:

Fiscal Year Ended June 30	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claims Payments	Balance at End of Fiscal Year
2017	\$ 1,364,248	\$ (289,867)	\$ (127,581)	\$ 946,800
2018	946,800	(1,352,045)	1,591,689	1,186,444

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

NOTE 16 OTHER INFORMATION

A. Commitments and Contingencies

The County has signed agreements to construct various capital improvements subsequent to June 30, 2018. The balance owed on the commitments at June 30, 2018 was approximately \$1,040,642.

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

The County is involved in several lawsuits. Due to the nature of the cases, County Counsel is unable to estimate at this time the probability of favorable or unfavorable outcomes. Therefore, no provision has been made in the financial statements for a loss contingency.

The County had no encumbrances at June 30, 2018.

**COUNTY OF COLUSA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 17 SPECIAL ITEM

OPEB Trust Contributions

With the implementation of GASB 75 as described in Note 1, the County was required to record an initial OPEB liability in excess of \$12 million. Since fiscal year 2009 the County has set aside funds to assist with increasing retirement costs. As of June 2018 the fund had grown to \$10,486,094. To ensure these funds were recognized against the County's OPEB liability as of June 30, 2018, the County Board of Supervisors approved the establishment of a PARS irrevocable trust on June 26, 2018 and approved the transfer of these funds into the trust.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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**COUNTY OF COLUSA, CALIFORNIA
COUNTY PENSION PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2018
LAST 10 YEARS***

Reporting Fiscal Year Measurement Date	2014/15 <u>2013/14</u>	2015/16 <u>2014/15</u>	2016/17 <u>2015/16</u>	2017/18 <u>2016/17</u>
Miscellaneous				
Total Pension Liability				
Service Cost	\$ 2,704,431	\$ 2,835,963	\$ 2,907,948	\$ 3,284,579
Interest	8,642,328	9,398,938	9,864,575	10,291,984
Changes of Assumptions	-	(2,195,321)	-	8,212,704
Differences Between Expected and Actual Experience	-	3,871,388	(188,876)	445,760
Benefit Payments, Including Refunds of Employee Contributions	(5,191,655)	(5,723,718)	(6,266,789)	(6,981,526)
Net Change in Total Pension Liability	<u>6,155,104</u>	<u>8,187,250</u>	<u>6,316,858</u>	<u>15,253,501</u>
Total Pension Liability - Beginning	<u>116,474,637</u>	<u>122,629,741</u>	<u>130,816,991</u>	<u>137,133,849</u>
Total Pension Liability - End (a)	<u>\$ 122,629,741</u>	<u>\$ 130,816,991</u>	<u>\$ 137,133,849</u>	<u>\$ 152,387,350</u>
Plan Fiduciary Net Position				
Net Plan to Plan Resource Movement	\$ -	\$ -	\$ -	\$ (25,446)
Contributions - Employer	3,207,861	3,526,565	3,406,419	3,991,801
Contributions - Employee	1,160,801	1,193,080	1,252,737	1,273,965
Net Investment Income	12,792,537	1,928,553	479,549	9,758,623
Benefit Payments, Including Refunds of Employee Contributions	(5,191,655)	(5,723,718)	(6,266,789)	(6,981,526)
Administrative Expense	-	(97,562)	(52,823)	(126,224)
Net Change in Plan Fiduciary Net Position	<u>11,969,544</u>	<u>826,918</u>	<u>(1,180,907)</u>	<u>7,891,193</u>
Plan Fiduciary Net Position - Beginning	<u>73,877,190</u>	<u>85,846,734</u>	<u>86,673,652</u>	<u>85,492,745</u>
Plan Fiduciary Net Position - End (b)	<u>\$ 85,846,734</u>	<u>\$ 86,673,652</u>	<u>\$ 85,492,745</u>	<u>\$ 93,383,938</u>
Net Pension Liability - End (a)-(b)	<u>\$ 36,783,007</u>	<u>\$ 44,143,339</u>	<u>\$ 51,641,104</u>	<u>\$ 59,003,412</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	70.00%	66.26%	62.34%	61.28%
Covered Payroll	\$ 14,088,513	\$ 15,421,228	\$ 16,385,513	\$ 16,652,704
Net Pension Liability as a Percentage of Covered Payroll	261.09%	286.25%	315.16%	354.32%

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

Note: The County of Colusa participates in an agent multiple-employer defined benefit pension plan as disclosed in footnote 13 to the financial statements. However, the full plan also includes the Courts and Local Transportation Commission which are considered to be external entities to the County. As such, these external entities have been excluded from the County's portion of net pension liability. The schedule of net pension liability and related ratios above includes the Courts and Local Transportation Commission whose proportion of the net pension liability was \$2,210,598 or 3.75%. The County's portion of net pension liability was \$56,792,814 or 96.25% at June 30, 2018.

**COUNTY OF COLUSA, CALIFORNIA
COUNTY PENSION PLAN
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
YEAR ENDED JUNE 30, 2018
LAST 10 YEARS***

Reporting Fiscal Year	2014/15	2015/16	2016/17	2017/18
Measurement Date	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>
Safety				
Proportion of the Net Pension Liability	0.12971%	0.13550%	0.14054%	0.14178%
Proportionate Share of the Net Pension Liability	\$ 8,070,777	\$ 9,303,212	\$ 12,161,422	\$ 14,060,370
Covered Payroll	\$ 4,179,276	\$ 3,931,894	\$ 4,083,507	\$ 4,623,746
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	193.11%	236.61%	297.82%	304.09%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	81.42%	79.74%	74.81%	73.60%

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

**COUNTY OF COLUSA, CALIFORNIA
COUNTY PENSION PLAN
SCHEDULE OF CONTRIBUTIONS
YEAR ENDED JUNE 30, 2018
LAST 10 YEARS***

Reporting Fiscal Year	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>
Miscellaneous				
Contractually Required Contributions (Actuarially Determined)	\$ 2,878,968	\$ 3,406,419	\$ 3,991,800	\$ 4,217,352
Contributions in Relation to Actuarially Determined Contributions	<u>(2,878,968)</u>	<u>(3,406,419)</u>	<u>(3,991,800)</u>	<u>(4,217,352)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 15,421,228	\$ 16,385,513	\$ 16,652,704	\$ 17,069,022
Contributions as a Percentage of Covered Payroll	18.67%	20.79%	23.15%	24.71%
Safety				
Contractually Required Contributions (Actuarially Determined)	\$ 1,767,706	\$ 1,099,473	\$ 1,257,559	\$ 1,431,684
Contributions in Relation to Actuarially Determined Contributions	<u>(1,767,706)</u>	<u>(1,099,473)</u>	<u>(1,257,559)</u>	<u>(1,431,684)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 3,931,894	\$ 4,083,507	\$ 4,623,746	\$ 4,739,340
Contributions as a Percentage of Covered Payroll	44.96%	26.92%	27.20%	30.21%

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

**COUNTY OF COLUSA, CALIFORNIA
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2018**

Last 10 Fiscal Years*	
Reporting Fiscal Year	2017/18
Measurement Date	<u>2016/17</u>
TOTAL OPEB LIABILITY	
Service Cost	\$ 599,212
Interest on Total OPEB Liability	648,011
Difference Between Expected and Actual Experience	4,360
Changes of Assumptions	(2,929,481)
Benefit Payments, Including Refunds of Employee Contributions	<u>(792,982)</u>
Net Change in Total OPEB Liability	(2,470,880)
Total OPEB Liability – Beginning	<u>17,795,395</u>
Total OPEB Liability – Ending (a)	<u><u>\$ 15,324,515</u></u>
 PLAN FIDUCIARY NET POSITION	
Contributions – Employer	<u>\$ 10,184,769</u>
Net Change in Fiduciary Net Position	10,184,769
Plan Fiduciary Net Position – Beginning	-
Plan Fiduciary Net Position – Ending (b)	<u><u>\$ 10,184,769</u></u>
 Plan OPEB Liability (Asset) – Ending (a) - (b)	<u><u>\$ 5,139,746</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	66.46%
 Covered Employee Payroll	\$ 22,710,569
 Net OPEB Liability as a Percentage of Covered Employee Payroll	22.63%

* Fiscal year 2018 was the first year of implementation. Additional years will be presented as they become available.

**COUNTY OF COLUSA, CALIFORNIA
 SCHEDULE OF OPEB CONTRACTUALLY REQUIRED CONTRIBUTIONS
 YEAR ENDED JUNE 30, 2018**

Last 10 Fiscal Years* Reporting Fiscal Year	<u>2017/18</u>
Contractually Required Contributions	\$ 792,982
Contributions in Relation to the Contractually Required Contributions	<u>(792,982)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered Employee Payroll	\$ 22,710,569
Contributions as a Percentage of Covered Employee Payroll	3.49%

* Fiscal year 2018 was the first year of implementation. Additional years will be presented as they become available.

**COUNTY OF COLUSA, CALIFORNIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 17,763,178	\$ 17,705,367	\$ 17,992,056	\$ 286,689
Licenses and Permits	591,100	591,175	758,870	167,695
Fines and Forfeitures	678,900	678,900	463,323	(215,577)
Use of Money and Property	100,970	103,220	90,393	(12,827)
Intergovernmental Revenues	7,224,575	7,525,247	4,636,917	(2,888,330)
Charges for Services	1,370,414	1,446,203	1,517,456	71,253
Other Revenues	63,898	155,218	257,425	102,207
Total Revenues	<u>27,793,035</u>	<u>28,205,330</u>	<u>25,716,440</u>	<u>(2,488,890)</u>
EXPENDITURES				
Current:				
General Government	6,182,065	6,275,989	5,197,863	1,078,126
Public Protection	22,491,803	22,861,325	18,407,453	4,453,872
Public Assistance	168,063	175,961	168,024	7,937
Education	1,341,725	1,388,182	1,279,377	108,805
Recreation and Culture	33,262	37,337	37,515	(178)
Debt Service:				
Principal	543,478	546,698	474,398	72,300
Interest and Other Charges	16,812	16,828	13,919	2,909
Total Expenditures	<u>30,777,208</u>	<u>31,302,320</u>	<u>25,578,549</u>	<u>5,723,771</u>
Excess of Revenues Over (Under) Expenditures	(2,984,173)	(3,096,990)	137,891	3,234,881
OTHER FINANCING SOURCES (USES)				
Transfers In	1,616,615	1,734,021	2,325,564	591,543
Transfers Out	(2,960,412)	(3,083,152)	(1,406,967)	1,676,185
Total Other Financing Sources (Uses)	<u>(1,343,797)</u>	<u>(1,349,131)</u>	<u>918,597</u>	<u>2,267,728</u>
CHANGE IN FUND BALANCES BEFORE SPECIAL ITEM	(4,327,970)	(4,446,121)	1,056,488	5,502,609
Special Item	-	-	(10,486,094)	(10,486,094)
NET CHANGE IN FUND BALANCES	(4,327,970)	(4,446,121)	(9,429,606)	(4,983,485)
Fund Balances - Beginning of Year	<u>18,794,253</u>	<u>18,794,253</u>	<u>18,794,253</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 14,466,283</u>	<u>\$ 14,348,132</u>	<u>\$ 9,364,647</u>	<u>\$ (4,983,485)</u>

**COUNTY OF COLUSA, CALIFORNIA
BUDGETARY COMPARISON SCHEDULE
HEALTH AND HUMAN SERVICES - MAJOR SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Licenses and Permits	\$ 128,577	\$ 128,577	\$ 145,095	\$ 16,518
Use of Money and Property	-	-	(1,197)	(1,197)
Intergovernmental Revenues	736,481	736,481	674,782	(61,699)
Charges for Services	53,354	53,354	72,041	18,687
Other Revenues	26,675	46,536	39,028	(7,508)
Total Revenues	<u>945,087</u>	<u>964,948</u>	<u>929,749</u>	<u>(35,199)</u>
EXPENDITURES				
Current:				
Health and Sanitation	3,224,240	3,230,895	2,469,625	761,270
Public Assistant	7,957,246	7,967,511	5,932,606	2,034,905
Total Expenditures	<u>11,181,486</u>	<u>11,198,406</u>	<u>8,402,231</u>	<u>2,796,175</u>
Excess of Revenues Over (Under) Expenditures	(10,236,399)	(10,233,458)	(7,472,482)	2,760,976
OTHER FINANCING SOURCES (USES)				
Transfers In	10,236,399	10,286,250	7,804,435	(2,481,815)
Transfers Out	-	(1,900)	(333,100)	(331,200)
Total Other Financing Sources (Uses)	<u>10,236,399</u>	<u>10,284,350</u>	<u>7,471,335</u>	<u>(2,813,015)</u>
NET CHANGE IN FUND BALANCES	-	50,892	(1,147)	(52,039)
Fund Balances - Beginning of Year	<u>(29,500)</u>	<u>(3,631,327)</u>	<u>(11)</u>	<u>3,631,316</u>
FUND BALANCES - END OF YEAR	<u>\$ (29,500)</u>	<u>\$ (3,580,435)</u>	<u>\$ (1,158)</u>	<u>\$ 3,579,277</u>

**COUNTY OF COLUSA, CALIFORNIA
BUDGETARY COMPARISON SCHEDULE
LOAN PROGRAMS - MAJOR SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Use of Money and Property	\$ 214,634	\$ 214,634	\$ 184,845	\$ (29,789)
Intergovernmental Revenues	743,607	743,607	440,332	(303,275)
Charges for Services	-	-	(107,735)	(107,735)
Total Revenues	<u>958,241</u>	<u>958,241</u>	<u>517,442</u>	<u>(440,799)</u>
EXPENDITURES				
Current:				
General Government	<u>743,607</u>	<u>210,830</u>	<u>304</u>	<u>210,526</u>
Excess of Revenues Over (Under) Expenditures	214,634	747,411	517,138	(230,273)
OTHER FINANCING SOURCES (USES)				
Transfers In	212,388	308,061	126,592	(181,469)
Transfers Out	<u>(212,338)</u>	<u>(830,387)</u>	<u>(565,022)</u>	<u>265,365</u>
Total Other Financing Sources (Uses)	<u>50</u>	<u>(522,326)</u>	<u>(438,430)</u>	<u>83,896</u>
NET CHANGE IN FUND BALANCES	214,684	225,085	78,708	(146,377)
Fund Balances - Beginning of Year	<u>9,592</u>	<u>9,592</u>	<u>6,215,615</u>	<u>6,206,023</u>
FUND BALANCES - END OF YEAR	<u>\$ 224,276</u>	<u>\$ 234,677</u>	<u>\$ 6,294,323</u>	<u>\$ 6,059,646</u>

**COUNTY OF COLUSA, CALIFORNIA
BUDGETARY COMPARISON SCHEDULE
PUBLIC WAYS AND FACILITIES - MAJOR SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 1,436,960	\$ 1,436,960	\$ 1,425,887	\$ (11,073)
Licenses and Permits	13,300	16,440	17,590	1,150
Use of Money and Property	60,392	60,392	38,188	(22,204)
Intergovernmental Revenues	2,645,530	4,234,907	4,072,922	(161,985)
Charges for Services	22,685	45,257	44,357	(900)
Other Revenues	53,545	59,802	38,172	(21,630)
Total Revenues	<u>4,232,412</u>	<u>5,853,758</u>	<u>5,637,116</u>	<u>(216,642)</u>
EXPENDITURES				
Current:				
Public Ways and Facilities	8,629,152	11,089,972	9,112,162	1,977,810
Debt Service:				
Principal	32,605	32,605	33,122	(517)
Interest and Other Charges	5,562	5,562	7,811	(2,249)
Total Expenditures	<u>8,667,319</u>	<u>11,128,139</u>	<u>9,153,095</u>	<u>1,975,044</u>
Excess of Revenues Over (Under) Expenditures	(4,434,907)	(5,274,381)	(3,515,979)	1,758,402
OTHER FINANCING SOURCES (USES)				
Transfers In	660,126	1,273,880	1,189,488	(84,392)
Transfers Out	-	-	(152,800)	(152,800)
Total Other Financing Sources (Uses)	<u>660,126</u>	<u>1,273,880</u>	<u>1,036,688</u>	<u>(237,192)</u>
NET CHANGE IN FUND BALANCES	(3,774,781)	(4,000,501)	(2,479,291)	1,521,210
Fund Balances - Beginning of Year	<u>7,399,035</u>	<u>7,399,035</u>	<u>7,399,035</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 3,624,254</u></u>	<u><u>\$ 3,398,534</u></u>	<u><u>\$ 4,919,744</u></u>	<u><u>\$ 1,521,210</u></u>

**COUNTY OF COLUSA, CALIFORNIA
BUDGETARY COMPARISON SCHEDULE
HEALTH AND SANITATION - MAJOR SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Licenses and Permits	\$ 302,600	\$ 302,600	\$ 325,926	\$ 23,326
Fines and Forfeitures	180,800	180,800	117,729	(63,071)
Use of Money and Property	21,224	21,224	7,687	(13,537)
Intergovernmental Revenues	9,628,875	9,636,760	10,707,713	1,070,953
Charges for Services	31,800	31,800	27,559	(4,241)
Other Revenues	2,300	2,300	6,735	4,435
Total Revenues	<u>10,167,599</u>	<u>10,175,484</u>	<u>11,193,349</u>	<u>1,017,865</u>
EXPENDITURES				
Current:				
Health and Sanitation	<u>7,975,575</u>	<u>8,086,347</u>	<u>6,651,689</u>	<u>1,434,658</u>
Excess of Revenues Over (Under) Expenditures	2,192,024	2,089,137	4,541,660	2,452,523
OTHER FINANCING SOURCES (USES)				
Transfers In	1,865,706	2,345,332	514,511	(1,830,821)
Transfers Out	<u>(5,518,663)</u>	<u>(6,062,489)</u>	<u>(3,714,095)</u>	<u>2,348,394</u>
Total Other Financing Sources (Uses)	<u>(3,652,957)</u>	<u>(3,717,157)</u>	<u>(3,199,584)</u>	<u>517,573</u>
NET CHANGE IN FUND BALANCES	(1,460,933)	(1,628,020)	1,342,076	2,970,096
Fund Balances - Beginning of Year	<u>6,859,434</u>	<u>6,859,434</u>	<u>6,859,434</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 5,398,501</u>	<u>\$ 5,231,414</u>	<u>\$ 8,201,510</u>	<u>\$ 2,970,096</u>

**COUNTY OF COLUSA, CALIFORNIA
 BUDGETARY COMPARISON SCHEDULE
 PUBLIC ASSISTANCE - MAJOR SPECIAL REVENUE FUND
 YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Use of Money and Property	\$ 10,250	\$ 10,250	\$ 7,194	\$ (3,056)
Intergovernmental Revenues	8,044,696	8,044,696	8,185,038	140,342
Other Revenues	27,000	27,000	34,205	7,205
Total Revenues	<u>8,081,946</u>	<u>8,081,946</u>	<u>8,226,437</u>	<u>144,491</u>
EXPENDITURES				
Current:				
Public Assistance	<u>3,081,640</u>	<u>3,088,744</u>	<u>2,949,310</u>	<u>139,434</u>
Excess of Revenues Over (Under) Expenditures	5,000,306	4,993,202	5,277,127	283,925
OTHER FINANCING SOURCES (USES)				
Transfers In	3,328,306	3,435,471	2,830,931	(604,540)
Transfers Out	<u>(10,101,920)</u>	<u>(10,218,587)</u>	<u>(7,830,641)</u>	<u>2,387,946</u>
Total Other Financing Sources (Uses)	<u>(6,773,614)</u>	<u>(6,783,116)</u>	<u>(4,999,710)</u>	<u>1,783,406</u>
NET CHANGE IN FUND BALANCES	(1,773,308)	(1,789,914)	277,417	2,067,331
Fund Balances - Beginning of Year	<u>3,080,154</u>	<u>3,080,154</u>	<u>3,080,154</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,306,846</u>	<u>\$ 1,290,240</u>	<u>\$ 3,357,571</u>	<u>\$ 2,067,331</u>

COUNTY OF COLUSA, CALIFORNIA
NOTE TO BUDGETARY COMPARISON SCHEDULES
JUNE 30, 2018

NOTE 1 BUDGETARY BASIS OF ACCOUNTING

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

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

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

- (1) The Budget Committee consists of two members of the Board of Supervisors, the Auditor-Controller, the CAO, the Assistant Auditor-Controller, and the Budget Management Analyst. This Committee submits to the Board of Supervisors a recommended budget for the fiscal year commencing the following July 1. The budget includes recommended expenditures and the means of financing them.
- (2) On or before June 30 of each year the Board, by formal action, shall approve the recommended budget, including the revisions it deems necessary for the purpose of having authority to spend until the budget is adopted.
- (3) The Board conducts a public hearing on the recommended budget to obtain comments from interested persons.
- (4) Prior to October 2, the budget is adopted through Board resolution.
- (5) From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein, as recommended expenditures become appropriations to the various County departments. The Board of Supervisors may amend the budget by motion during the fiscal year. The Board of Supervisors may authorize transfers from one object or purpose to another within the same department.

The County uses an encumbrance system as an extension of normal budgetary accounting for the General and other governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year end are recorded as 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.

COMBINING FUND STATEMENTS

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**COUNTY OF COLUSA, CALIFORNIA
COMBINING BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

	Special Revenue Funds		
	Lighting Districts	County Service Areas	General Government
ASSETS			
Cash and Investments	\$ 13,519	\$ 6,811	\$ 329,133
Receivables:			
Accounts	-	9,443	-
Intergovernmental	-	-	100,170
Interest	46	-	1,181
Prepaid Costs	-	-	80
	<u>\$ 13,565</u>	<u>\$ 16,254</u>	<u>\$ 430,564</u>
Total Assets			
	<u>\$ 13,565</u>	<u>\$ 16,254</u>	<u>\$ 430,564</u>
LIABILITIES			
Accounts Payable	\$ -	\$ 5,055	\$ 16,941
Deposits Payable	-	-	13,045
Due to Other Funds	-	658,172	-
Total Liabilities	<u>-</u>	<u>663,227</u>	<u>29,986</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	-	-	100,170
FUND BALANCES			
Nonspendable	-	-	80
Restricted	13,565	-	399,270
Committed	-	-	-
Unassigned	-	(646,973)	(98,942)
Total Fund Balances	<u>13,565</u>	<u>(646,973)</u>	<u>300,408</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 13,565</u>	<u>\$ 16,254</u>	<u>\$ 430,564</u>

**COUNTY OF COLUSA, CALIFORNIA
COMBINING BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018**

	Special Revenue Funds		
	Public Protection	Education	Recreation and Culture
ASSETS			
Cash and Investments	\$ 2,790,411	\$ 267,844	\$ 5,543
Receivables:			
Accounts	11,030	20	-
Intergovernmental	200,112	-	-
Interest	9,965	1,035	-
Prepaid Costs	6,296	-	-
	<u>\$ 3,017,814</u>	<u>\$ 268,899</u>	<u>\$ 5,543</u>
Total Assets			
	<u>\$ 3,017,814</u>	<u>\$ 268,899</u>	<u>\$ 5,543</u>
LIABILITIES			
Accounts Payable	\$ 15,808	\$ -	\$ 973
Deposits Payable	-	-	-
Due to Other Funds	-	-	-
Total Liabilities	<u>15,808</u>	<u>-</u>	<u>973</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	6,084	-	-
FUND BALANCES			
Nonspendable	6,296	-	-
Restricted	2,975,476	268,971	4,570
Committed	14,155	-	-
Unassigned	(5)	(72)	-
Total Fund Balances	<u>2,995,922</u>	<u>268,899</u>	<u>4,570</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,017,814</u>	<u>\$ 268,899</u>	<u>\$ 5,543</u>

**COUNTY OF COLUSA, CALIFORNIA
COMBINING BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018**

	Capital Project Funds			Total
	Building Fund	Courthouse Construction	County Criminal Justice Construction	
ASSETS				
Cash and Investments	\$ -	\$ 485,138	\$ 271,057	\$ 4,169,456
Receivables:				
Accounts	-	-	-	20,493
Intergovernmental	-	2,717	10,314	313,313
Interest	-	1,684	911	14,822
Prepaid Costs	-	-	-	6,376
Total Assets	\$ -	\$ 489,539	\$ 282,282	\$ 4,524,460
LIABILITIES				
Accounts Payable	\$ -	\$ 187	\$ 747	\$ 39,711
Deposits Payable	-	-	-	13,045
Due to Other Funds	-	-	-	658,172
Total Liabilities	-	187	747	710,928
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	-	-	106,254
FUND BALANCES				
Nonspendable	-	-	-	6,376
Restricted	-	489,352	281,535	4,432,739
Committed	-	-	-	14,155
Unassigned	-	-	-	(745,992)
Total Fund Balances	-	489,352	281,535	3,707,278
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ -	\$ 489,539	\$ 282,282	\$ 4,524,460

**COUNTY OF COLUSA, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018**

	Special Revenue Funds		
	Lighting Districts	County Service Areas	General Government
REVENUES			
Taxes	\$ 5,264	\$ 15,960	\$ -
Fines and Forfeitures	-	-	-
Use of Money and Property	60	(1,192)	204,383
Intergovernmental Revenues	-	-	592,660
Charges for Services	-	95,865	-
Other Revenues	-	-	33,392
Total Revenues	<u>5,324</u>	<u>110,633</u>	<u>830,435</u>
EXPENDITURES			
Current:			
General Government	6,989	-	685,897
Public Protection	-	-	-
Health and Sanitation	-	153,643	-
Education	-	-	-
Debt Service:			
Principal	-	11,134	-
Interest and Fiscal Charges	-	295	-
Capital Outlay	-	-	-
Total Expenditures	<u>6,989</u>	<u>165,072</u>	<u>685,897</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,665)</u>	<u>(54,439)</u>	<u>144,538</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	23,138
Transfers Out	-	-	(15,882)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>7,256</u>
NET CHANGE IN FUND BALANCES	(1,665)	(54,439)	151,794
Fund Balance - Beginning, Restated	<u>15,230</u>	<u>(592,534)</u>	<u>148,614</u>
FUND BALANCE - END OF YEAR	<u>\$ 13,565</u>	<u>\$ (646,973)</u>	<u>\$ 300,408</u>

**COUNTY OF COLUSA, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

	Special Revenue Funds		
	Public Protection	Education	Recreation and Culture
REVENUES			
Taxes	\$ -	\$ -	\$ -
Fines and Forfeitures	22,199	-	-
Use of Money and Property	7,352	2,138	(40)
Intergovernmental Revenues	2,312,647	22,352	-
Charges for Services	59,591	-	-
Other Revenues	117,253	37,808	-
Total Revenues	<u>2,519,042</u>	<u>62,298</u>	<u>(40)</u>
EXPENDITURES			
Current:			
General Government	-	-	-
Public Protection	1,671,696	-	-
Health and Sanitation	-	-	-
Education	-	-	7,529
Debt Service:			
Principal	45,102	-	-
Interest and Fiscal Charges	1,348	-	-
Capital Outlay	-	-	-
Total Expenditures	<u>1,718,146</u>	<u>-</u>	<u>7,529</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>800,896</u>	<u>62,298</u>	<u>(7,569)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	3,138	-	7,643
Transfers Out	(730,933)	(200,873)	-
Total Other Financing Sources (Uses)	<u>(727,795)</u>	<u>(200,873)</u>	<u>7,643</u>
NET CHANGE IN FUND BALANCES	73,101	(138,575)	74
Fund Balance - Beginning, Restated	<u>2,922,821</u>	<u>407,474</u>	<u>4,496</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,995,922</u>	<u>\$ 268,899</u>	<u>\$ 4,570</u>

**COUNTY OF COLUSA, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

	Capital Project Funds			Total
	Building Fund	Courthouse Construction	County Criminal Justice Construction	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 21,224
Fines and Forfeitures	-	26,243	100,585	149,027
Use of Money and Property	102	1,390	(4)	214,189
Intergovernmental Revenues	36,403	-	-	2,964,062
Charges for Services	-	-	-	155,456
Other Revenues	-	-	-	188,453
Total Revenues	<u>36,505</u>	<u>27,633</u>	<u>100,581</u>	<u>3,692,411</u>
EXPENDITURES				
Current:				
General Government	-	-	-	692,886
Public Protection	-	-	-	1,671,696
Health and Sanitation	-	-	-	153,643
Education	-	-	-	7,529
Debt Service:				
Principal	35,406	-	-	91,642
Interest and Fiscal Charges	996	-	-	2,639
Capital Outlay	118,417	14,743	6,860	140,020
Total Expenditures	<u>154,819</u>	<u>14,743</u>	<u>6,860</u>	<u>2,760,055</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(118,314)</u>	<u>12,890</u>	<u>93,721</u>	<u>932,356</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	118,416	-	-	152,335
Transfers Out	-	-	-	(947,688)
Total Other Financing Sources (Uses)	<u>118,416</u>	<u>-</u>	<u>-</u>	<u>(795,353)</u>
NET CHANGE IN FUND BALANCES	102	12,890	93,721	137,003
Fund Balance - Beginning, Restated	<u>(102)</u>	<u>476,462</u>	<u>187,814</u>	<u>3,570,275</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 489,352</u>	<u>\$ 281,535</u>	<u>\$ 3,707,278</u>

**COUNTY OF COLUSA, CALIFORNIA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2018**

ASSETS	Airport	East Park Reservoir	Total
Current Assets:			
Cash and Investments	\$ 177,216	\$ -	\$ 177,216
Receivables:			
Accounts	39,569	14,213	53,782
Interest	1,156	-	1,156
Inventory	-	3,241	3,241
Total Current Assets	217,941	17,454	235,395
Noncurrent Assets:			
Capital Assets:			
Depreciable:			
Structures and Improvements	76,253	16,934	93,187
Accumulated Depreciation	(76,253)	(16,934)	(93,187)
Total Noncurrent Assets	-	-	-
Total Assets	217,941	17,454	235,395
DEFERRED OUTFLOWS OF RESOURCES			
Deferred OPEB Adjustments	-	21	21
Deferred Pension Adjustments	-	35,806	35,806
	-	35,827	35,827
LIABILITIES			
Current Liabilities:			
Accounts Payable	834	7,768	8,602
Due to Other Funds	-	12,980	12,980
Total Current Liabilities	834	20,748	21,582
Noncurrent Liabilities:			
Compensated Absences	-	3,757	3,757
Net Pension Liability	-	189,172	189,172
Net OPEB Liability	-	30,413	30,413
Total Noncurrent Liabilities	-	223,342	223,342
Total Liabilities	834	244,090	244,924
DEFERRED INFLOWS OF RESOURCES			
Deferred OPEB Adjustments	-	14,214	14,214
Deferred Pension Adjustments	-	215	215
	-	14,429	14,429
NET POSITION			
Unrestricted	217,107	(205,238)	11,869
Total Net Position	\$ 217,107	\$ (205,238)	\$ 11,869

COUNTY OF COLUSA, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2018

	Business-Type Activities		
	Airport	East Park Reservoir	Total
OPERATING REVENUES			
Charges for Services	\$ -	\$ 205,215	\$ 205,215
Other Revenue	455,258	2,322	457,580
Total Operating Revenues	<u>455,258</u>	<u>207,537</u>	<u>662,795</u>
OPERATING EXPENSES			
Salaries and Employee Benefits	15,469	177,327	192,796
Services and Supplies	540,203	147,371	687,574
Total Operating Expenses	<u>555,672</u>	<u>324,698</u>	<u>880,370</u>
OPERATING INCOME (LOSS)	<u>(100,414)</u>	<u>(117,161)</u>	<u>(217,575)</u>
NONOPERATING REVENUES (EXPENSES)			
Taxes	55,839	-	55,839
Interest Income	52,936	2	52,938
Total Nonoperating Revenues (Expenses)	<u>108,775</u>	<u>2</u>	<u>108,777</u>
INCOME (LOSS) BEFORE TRANSFERS	8,361	(117,159)	(108,798)
Transfers In	-	100,000	100,000
Transfers Out	<u>(79,143)</u>	<u>(9,600)</u>	<u>(88,743)</u>
CHANGE IN NET POSITION	(70,782)	(26,759)	(97,541)
Net Position (Deficit) - Beginning of Year, Restated	<u>287,889</u>	<u>(178,479)</u>	<u>109,410</u>
NET POSITION (DEFICIT) - END OF YEAR	<u>\$ 217,107</u>	<u>\$ (205,238)</u>	<u>\$ 11,869</u>

**COUNTY OF COLUSA, CALIFORNIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2018**

	Business-Type Activities - Enterprise Funds		
	Airport	East Park Reservoir	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 446,293	\$ 207,342	\$ 653,635
Payments to Suppliers	(541,153)	(148,834)	(689,987)
Payments to Employees	(15,469)	(132,521)	(147,990)
Net Cash Provided (Used) by Operating Activities	<u>(110,329)</u>	<u>(74,013)</u>	<u>(184,342)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Taxes Received	55,839	-	55,839
Payments on Interfund Loans	-	(16,389)	(16,389)
Transfers from Other Funds	-	100,000	100,000
Transfers to Other Funds	(79,143)	(9,600)	(88,743)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(23,304)</u>	<u>74,011</u>	<u>50,707</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Earnings	52,414	2	52,416
Net Cash Provided (Used) by Investing Activities	<u>52,414</u>	<u>2</u>	<u>52,416</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(81,219)	-	(81,219)
Cash and Cash Equivalents - Beginning of Year	258,435	-	258,435
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 177,216</u>	<u>\$ -</u>	<u>\$ 177,216</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (100,414)	\$ (117,161)	\$ (217,575)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Decrease (Increase) in:			
Accounts Receivable	(8,965)	(195)	(9,160)
Prepaid Costs	250	-	250
Inventory	-	(532)	(532)
Deferred Outflows - Pension	-	21,741	21,741
Deferred Outflows - OPEB	-	(21)	(21)
Increase (Decrease) in:			
Accounts Payable and Other Liabilities	(1,200)	(931)	(2,131)
Compensated Absences	-	(917)	(917)
Net Pension Liability	-	87,069	87,069
Net OPEB Liability	-	(74,885)	(74,885)
Deferred Inflows - OPEB	-	14,214	14,214
Deferred Inflows - Pension	-	(2,395)	(2,395)
Net Cash Provided (Used) by Operating Activities	<u>\$ (110,329)</u>	<u>\$ (74,013)</u>	<u>\$ (184,342)</u>

**COUNTY OF COLUSA, CALIFORNIA
 COMBINING STATEMENT OF NET POSITION
 INVESTMENT TRUST FUNDS
 JUNE 30, 2018**

	School Districts	Special Districts Governed by Local Boards	Courts	Totals
ASSETS				
Cash and Investments	\$ 44,419,547	\$ 19,881,707	\$ (72,982)	\$ 64,228,272
Total Assets	44,419,547	19,881,707	(72,982)	64,228,272
 NET POSITION				
Held in Trust for Pool Participants	44,419,547	19,881,707	(72,982)	64,228,272
Total Net Position	\$ 44,419,547	\$ 19,881,707	\$ (72,982)	\$ 64,228,272

**COUNTY OF COLUSA, CALIFORNIA
 COMBINING STATEMENT OF CHANGES IN NET POSITION
 INVESTMENT TRUST FUNDS
 YEAR ENDED JUNE 30, 2018**

	School Districts	Special Districts Governed by Local Boards	Courts	Totals
ADDITIONS				
Contributions to Investment Pool	\$ 102,363,818	\$ 30,066,326	\$ 792,682	\$ 133,222,826
Interest Earnings	(49,340)	63,192	700	14,552
Total Additions	<u>102,314,478</u>	<u>30,129,518</u>	<u>793,382</u>	<u>133,237,378</u>
DEDUCTIONS				
Distributions from Investment Pool	93,637,378	31,305,331	773,409	125,716,118
Total Deductions	<u>93,637,378</u>	<u>31,305,331</u>	<u>773,409</u>	<u>125,716,118</u>
CHANGE IN NET POSITION	8,677,100	(1,175,813)	19,973	7,521,260
Net Position - Beginning of Year	<u>35,742,447</u>	<u>21,057,520</u>	<u>(92,955)</u>	<u>56,707,012</u>
NET POSITION - END OF YEAR	<u>\$ 44,419,547</u>	<u>\$ 19,881,707</u>	<u>\$ (72,982)</u>	<u>\$ 64,228,272</u>

**COUNTY OF COLUSA, CALIFORNIA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 YEAR ENDED JUNE 30, 2018**

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
ASSETS				
Cash and Investments	\$ 2,136,198	\$ 141,187,857	\$ 141,526,907	\$ 1,797,148
Taxes Receivable	732,928	42,754,740	42,723,506	764,162
Total Assets	<u>2,869,126</u>	<u>183,942,597</u>	<u>184,250,413</u>	<u>2,561,310</u>
LIABILITIES				
Agency Funds Held for Others	2,869,126	183,942,597	184,250,413	2,561,310
Total Liabilities	<u>\$ 2,869,126</u>	<u>\$ 183,942,597</u>	<u>\$ 184,250,413</u>	<u>\$ 2,561,310</u>