

**COUNTY OF HUMBOLDT
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**



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**COUNTY OF HUMBOLDT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2018**

INTRODUCTORY SECTION

Directory of Public Officials	1
-------------------------------	---

FINANCIAL SECTION

Independent Auditors' Report	1
------------------------------	---

Management's Discussion and Analysis	4
--------------------------------------	---

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position	15
---------------------------	----

Statement of Activities	16
-------------------------	----

Fund Financial Statements

Governmental Funds

Balance Sheet	18
---------------	----

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position – Governmental Activities	19
--	----

Statement of Revenues, Expenditures, and Changes in Fund Balances	20
---	----

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities – Governmental Activities	21
--	----

Proprietary Funds

Statement of Net Position	22
---------------------------	----

Statement of Revenues, Expenses, and Changes in Net Position	23
--	----

Statement of Cash Flows	24
-------------------------	----

Fiduciary Funds

Statement of Net Position	26
---------------------------	----

Statement of Changes in Net Position	27
--------------------------------------	----

Notes to Basic Financial Statements	28
-------------------------------------	----

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the Net Pension Liability and Related Ratios	63
---	----

Schedule of Pension Plan Contributions	65
--	----

Schedule of Changes to Net OPEB Liability and Related Ratios	66
--	----

Budgetary Comparison Schedule

General Fund	67
--------------	----

Road Fund	69
-----------	----

Note to Required Supplementary Information	70
--	----

**COUNTY OF HUMBOLDT
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND
SCHEDULES**

Nonmajor Governmental Funds	
Combining Balance Sheet	71
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	73
Internal Service Funds	
Combining Statement of Net Position	75
Combining Statement of Revenues, Expenses, and Changes in Net Position	77
Combining Statement of Cash Flows	79
Insurance Funds	
Combining Statement of Net Position	83
Combining Statement of Revenues, Expenses, and Changes in Net Position	86
Combining Statement of Cash Flows	89

INTRODUCTORY SECTION

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**COUNTY OF HUMBOLDT
DIRECTORY OF PUBLIC OFFICIALS
JUNE 30, 2018**

**BOARD OF SUPERVISORS
(as of June 30, 2018)**

<u>Name</u>	<u>Office</u>
Rex Bohn	Supervisor, District 1
Estelle Fennell	Supervisor, District 2
Mike Wilson	Supervisor, District 3
Virginia Bass	Supervisor, District 4
Steve Madrone	Supervisor, District 5

FINANCE ADMINISTRATORS

<u>Name</u>	<u>Office</u>
Amy Nilsen	County Administrative Officer
Karen Paz Dominguez	Auditor/Controller
John Bartholomew	Treasurer/Tax Collector

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Honorable Board of Supervisors
 County of Humboldt
 Eureka, 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 Humboldt, California (the County), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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

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

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
Discretely Presented Component Unit	Adverse
General Fund	Unmodified
Headwaters Mitigation Fund	Unmodified
Road Fund	Unmodified
Aviation Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Adverse Opinion on Discretely Presented Component Unit

Management has not included the Fortuna Fire Protection District in the County's financial statements. Accounting principles generally accepted in the United States of America require the Fortuna Fire Protection District to be presented as a discretely presented component unit. The amount by which this departure would affect the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses of the omitted discretely presented component unit has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Discretely Presented Component Unit" paragraph, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit as of June 30, 2018, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified 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

Implementation of New Accounting Standards and Other Restatements

As described in Note 14, the County adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Plans Other than Pensions*. As a result of the implementation of GASB No. 75, the County reported a restatement for the change in an accounting principle. Additionally, as described in Note 14, the financial statements for year ended June 30, 2018 reflect certain adjustments for corrections of errors and reclassification of funds reflecting prior periods. Our opinions are 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 management's discussion and analysis, schedule of changes in the net pension liability and related ratios and schedule of contributions, schedule of funding changes in net OPEB liability and related ratios, and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 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
June 6, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

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**COUNTY OF HUMBOLDT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

Within this section of Humboldt County's annual financial report, the County's management provides narrative discussion and analysis of the financial activities of the County for the fiscal year ended June 30, 2018. Readers are encouraged to consider the information presented here in conjunction with the accompanying financial statements and disclosures following this section. The discussion focuses on the County's primary government and, unless otherwise noted, does not include separately reported component units.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the County exceeded liabilities and deferred inflows at the close of the most recent fiscal year by \$210.0 million (*net position*). Net position of \$103.3 million are restricted for specific purposes (*restricted net position*), and \$329.5 million represents net investment in capital assets. Unrestricted net position was a negative \$223.1 million, primarily due to the County's long-term net pension and OPEB obligations. The government's total net position decreased by \$19.7 million in comparison with the prior year, primarily due to the restatement of beginning net position by \$22.7 million for to the implementation of GASB Statement no. 75.
- The County's net investment in capital assets, increased by \$4.3 million.
- The County's governmental funds reported combined fund balances of \$129.9 million, an increase of \$4.2 million in comparison with the prior year. The unassigned portion of those fund balances was \$21.2 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

**COUNTY OF HUMBOLDT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, recreation and debt service. The business-type activities of the County consist solely of the Eureka-Arcata Airport. Fiduciary activities are not included in the government-wide statements since these assets are not available to fund County programs.

The County's financial reporting includes the funds of the County (primary government) and organizations for which the County is accountable (component units). Most of these legally separated organizations operate like County departments, serve as financing vehicles for County services (revenue bond issuers), or are governed by a board that is substantively identical to the County's board. An example of this is the Humboldt County Public Property Leasing Corporation, which while legally separate is in substance an extension of the County operations. Financial data for the Humboldt County Public Property Leasing Corporation are combined with the presentation of the primary government's financial data and thus it is referred to as a "blended" component unit. A "discretely presented" component unit is one that is presented separately in the financial statements to emphasize its independence from the primary government. Humboldt County has one discretely presented component unit: Fortuna Fire Protection District.

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

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

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

**COUNTY OF HUMBOLDT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

The County maintains individual governmental 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, Headwaters Mitigation Fund, Road Fund and the other governmental funds combined into a single, aggregated column. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* in the supplementary information.

Proprietary funds are maintained two ways. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the operations of the Eureka-Arcata Airport. *Internal services funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses five internal service funds to account for its fleet maintenance, risk management, information systems, facilities management, and County utilities functions. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Individual fund data for the internal service funds is provided in the form of *combining statements* in the supplementary information.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

Notes to the Financial Statements 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 provides the schedule of funding progress for the County Employees Retirement Plan and Other Postemployment Benefits. Also presented are the budgetary schedules of the County's General Fund and Road Fund. The County adopts an annual appropriated budget for each fiscal year. Budgetary comparison schedules have been provided for the General Fund and Road Fund to demonstrate compliance with this budget.

Other Supplementary Information presented is the combining statements referred to earlier in connection with the nonmajor governmental funds and internal service funds.

**COUNTY OF HUMBOLDT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the County, combined assets and deferred outflows exceeded liabilities and deferred inflows by \$210.0 million at the close of the most recent fiscal year. Of this combined net position, \$329.5 million reflects the County's net investment in capital assets. Another \$103.3 million of the County's net position is subject to external restrictions on how they may be used. The unrestricted portion of net position is negative due to the net pension and net OPEB liabilities presentation requirements of GASB Statements No. 68 and 75, respectively.

The County's Net Position

	Governmental Activities		Business-Type Activities		Total Activities	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
Current and Other Assets	\$ 170,396,424	\$ 161,752,485	\$ 680,850	\$ 1,081,699	\$ 171,077,274	\$ 162,834,184
Capital Assets	308,005,727	306,324,376	32,156,974	31,054,793	340,162,701	337,379,169
Total Assets	478,402,151	468,076,861	32,837,824	32,136,492	511,239,975	500,213,353
Deferred Outflows of Resources:						
Deferred Pension	66,354,680	53,394,279	299,672	253,447	66,654,352	53,647,726
Deferred OPEB	1,801,850	-	-	-	1,801,850	-
Total Deferred Outflows	68,156,530	53,394,279	299,672	253,447	68,456,202	53,647,726
Current Liabilities	20,727,956	19,522,212	693,497	97,430	21,421,453	19,619,642
Long-Term Liabilities	335,997,937	291,626,926	1,360,892	1,289,475	337,358,829	292,916,401
Total Liabilities	356,725,893	311,149,138	2,054,389	1,386,905	358,780,282	312,536,043
Deferred Inflows of Resources:						
Deferred Pension	11,178,311	11,872,506	42,231	52,279	11,220,542	11,924,785
Net Investment in Capital Assets	297,390,727	294,205,172	32,156,974	31,054,793	329,547,701	325,259,965
Restricted	103,251,592	104,900,663	-	-	103,251,592	104,900,663
Unrestricted	(221,987,842)	(200,656,339)	(1,116,098)	(104,038)	(223,103,940)	(200,760,377)
Total Net Position	\$ 178,654,477	\$ 198,449,496	\$ 31,040,876	\$ 30,950,755	\$ 209,695,353	\$ 229,400,251

A significant portion of the County's net position, \$329.5 million, reflects the amount invested in capital assets (e.g. land and easements, structures and improvements, infrastructure, and equipment), less any related debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the County's net position, \$103.3 million, represents resources that are subject to external restrictions by grantors and other governments on how they may be used.

The unrestricted portion of the County's net position due to governmental activities is a negative \$223.1 million primarily due to the classification of long-term pension and OPEB liabilities to the unrestricted category. These liabilities are required by new accounting standards in order to communicate to potential lenders and the public the potential liability the County bears for future retiree expenses. These liabilities accumulate over several years as part of the County's employment agreements.

**COUNTY OF HUMBOLDT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

The County's net position, as adjusted for these pension liabilities, decreased by \$19.7 million after restatement during the current fiscal year.

The County's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Activities	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
Revenues						
Program Revenues:						
Fees, Fines, and Charges for Services	\$ 50,363,535	\$ 48,264,639	\$ 1,869,463	\$ 2,590,324	\$ 52,232,998	\$ 50,854,963
Operating Grants/Contributions	202,040,364	187,500,582	-	-	202,040,364	187,500,582
Capital Grants/Contributions	8,890,562	1,968,285	2,471,419	455,736	11,361,981	2,424,021
General Revenues:						
Property Taxes	46,721,641	45,532,263	-	-	46,721,641	45,532,263
Sales Taxes	22,181,198	19,781,844	-	-	22,181,198	19,781,844
Transient Occupancy Tax	2,024,834	1,956,722	-	-	2,024,834	1,956,722
Other Taxes	12,391,562	4,297,451	-	-	12,391,562	4,297,451
Interest and Investment Income	2,005,659	1,770,254	8,082	12,625	2,013,741	1,782,879
Other	6,163,864	7,465,252	537,901	146,941	6,701,765	7,612,193
Total Revenues	<u>352,783,219</u>	<u>318,537,292</u>	<u>4,886,865</u>	<u>3,205,626</u>	<u>357,670,084</u>	<u>321,742,918</u>
Expenses						
General Government	21,917,784	19,807,048	-	-	21,917,784	19,807,048
Public Protection	95,373,572	87,261,286	-	-	95,373,572	87,261,286
Public Ways and Facilities	31,921,957	31,736,101	-	-	31,921,957	31,736,101
Health and Sanitation	79,879,655	69,520,033	-	-	79,879,655	69,520,033
Public Assistance	113,918,016	109,275,736	-	-	113,918,016	109,275,736
Education	3,302,537	3,751,997	-	-	3,302,537	3,751,997
Recreation and Cultural Services	1,774,004	1,298,332	-	-	1,774,004	1,298,332
Interest and Long-Term Debt	333,459	371,423	-	-	333,459	371,423
Aviation	-	-	4,802,413	3,946,055	4,802,413	3,946,055
Total Expenses	<u>348,420,984</u>	<u>323,021,956</u>	<u>4,802,413</u>	<u>3,946,055</u>	<u>353,223,397</u>	<u>326,968,011</u>
Increase (Decrease) in Net Position Before Transfers	4,362,235	(4,484,664)	84,452	(740,429)	4,446,687	(5,225,093)
Transfers	<u>(5,669)</u>	<u>(14,783)</u>	<u>5,669</u>	<u>14,783</u>	<u>-</u>	<u>-</u>
Change in Net Position	4,356,566	(4,499,447)	90,121	(725,646)	4,446,687	(5,225,093)
Net Position - Beginning, restated	<u>174,297,911</u>	<u>202,948,943</u>	<u>30,950,755</u>	<u>31,676,401</u>	<u>205,248,666</u>	<u>234,625,344</u>
Net Position - Ending	<u>\$ 178,654,477</u>	<u>\$ 198,449,496</u>	<u>\$ 31,040,876</u>	<u>\$ 30,950,755</u>	<u>\$ 209,695,353</u>	<u>\$ 229,400,251</u>

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental funds. The general government functions are contained in the General, Special Revenue, and Debt Service 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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**COUNTY OF HUMBOLDT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

At June 30, 2018, the County's governmental funds reported combined fund balances of \$129.9 million. Of these combined fund balances, \$21.2 million constitutes unassigned fund balance of the General Fund, which is available to meet the County's current and future needs. The restricted fund balance, \$103.3 million consists of amounts with constraints imposed on their use by external creditors, grantors, laws, regulations, or enabling legislation. The County also reports committed fund balance of \$1.8 million and assigned fund balance of \$2.8 million which are described in the footnotes.

The General Fund is the chief operating fund of the County. At June 30, 2018, unassigned fund balance was \$22.4 million, while total fund balance was \$108.2 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned and total fund balance to total fund expenditures. Unassigned fund balance represents 7.3% of total General Fund expenditures, while the total fund balance represents 35% of total General Fund expenditures.

The Headwaters Mitigation Fund has a total fund balance of \$17.5 million, all of which is restricted for economic development. The overall fund balance decreased by \$46.5 thousand during the current fiscal year.

The Road Fund has a total deficit fund balance of \$526.7 thousand. The overall fund balance decreased by \$1.4 million during the current fiscal year due to project expenditures exceeding total revenue.

The County's management also assigns (earmarks) unrestricted fund balance to a particular function, project, or activity. Fund balance may also be assigned for purposes beyond the current year. However, assigned fund balance is available for appropriation at any time. The County has assigned fund balance of \$2.8 million in the General Fund.

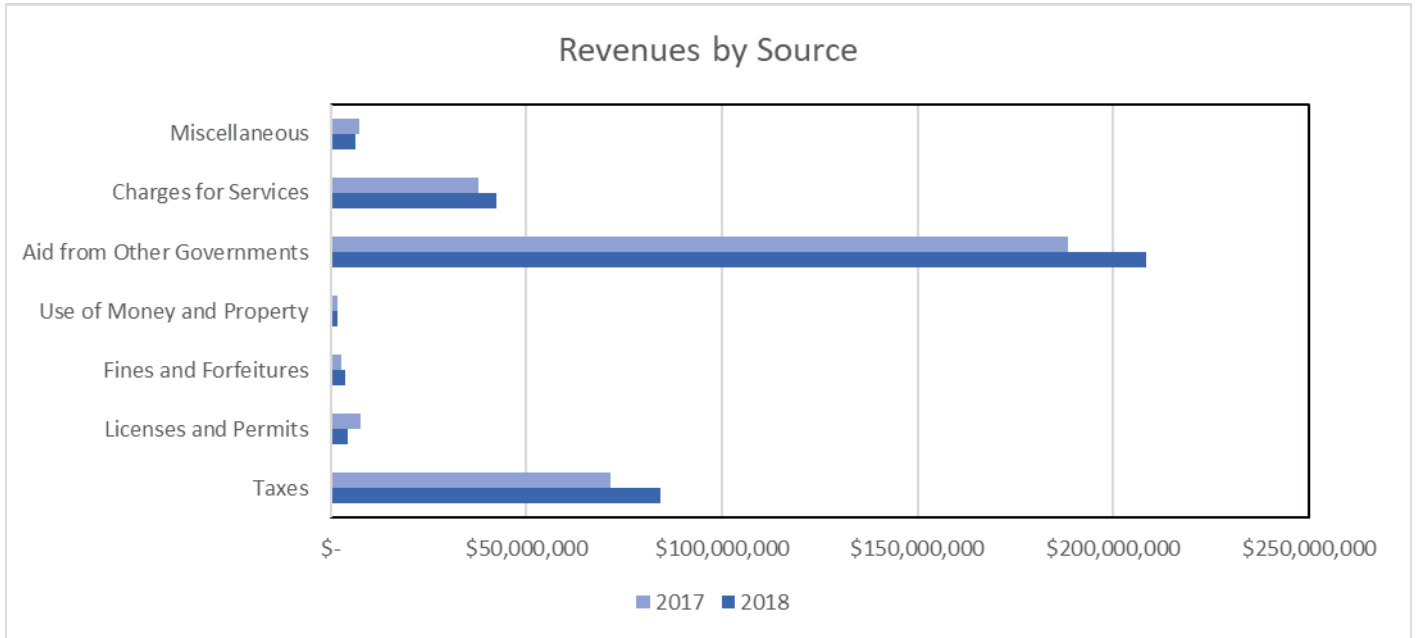
Fund balance of total governmental funds increased by \$4.2 million in comparison with the prior year, after prior year adjustments. The major governmental funds had changes in fund balance as follows: General Fund increased \$8.9 million, Headwaters Mitigation Fund decreased \$46.5 thousand and Road Fund decreased by \$1.4 million. The nonmajor governmental funds decreased by \$3.3 million.

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

	Revenues by Source Governmental Funds					
	FY 2018		FY 2017		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 83,319,235	23.76%	\$ 71,568,280	22.58%	\$ 11,750,955	0.16 %
Licenses and Permits	4,232,252	1.21%	7,575,539	2.39%	(3,343,287)	(0.44)%
Fines and Forfeitures	3,746,063	1.07%	2,638,423	0.83%	1,107,640	0.42 %
Use of Money and Property	1,819,418	0.52%	1,605,797	0.51%	213,621	0.13 %
Aid from Other Governments	208,993,643	59.60%	188,351,363	59.42%	20,642,280	0.11 %
Charges for Services	42,385,220	12.09%	37,887,461	11.95%	4,497,759	0.12 %
Miscellaneous	6,163,864	1.76%	7,345,652	2.32%	(1,181,788)	(0.16)%
Total Revenue by Source	<u>\$ 350,659,695</u>	100.00%	<u>\$ 316,972,515</u>	100.00%	<u>\$ 33,687,180</u>	0.11 %

**COUNTY OF HUMBOLDT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

The following graph shows an illustrative picture of the County revenues by source compared to the prior year.



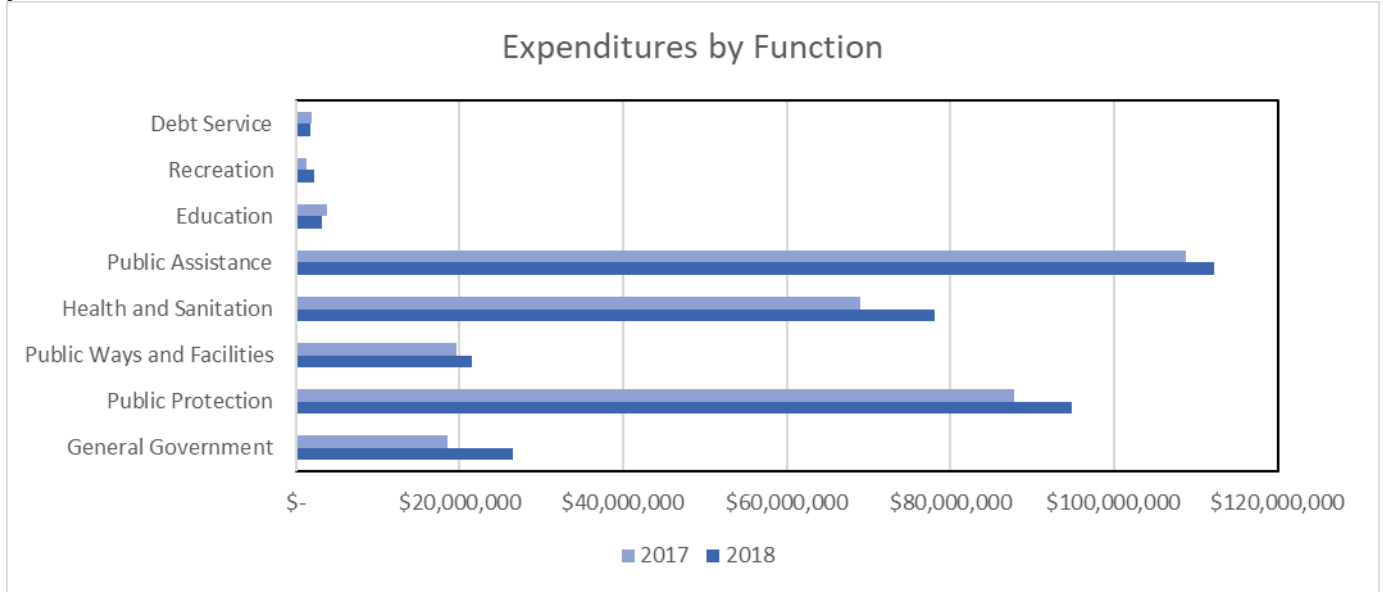
The following table presents expenditures by function compared to prior year amounts.

**Expenditures Classified by Function
Governmental Funds**

	FY 2018		FY 2017		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
General Government	\$ 26,482,333	7.78%	\$ 18,564,720	5.97%	\$ 7,917,613	42.65%
Public Protection	94,822,609	27.85%	87,728,577	28.22%	7,094,032	8.09%
Public Ways and Facilities	21,597,825	6.34%	19,613,487	6.31%	1,984,338	10.12%
Health and Sanitation	78,037,829	22.92%	69,063,608	22.22%	8,974,221	12.99%
Public Assistance	112,197,827	32.96%	108,870,977	35.03%	3,326,850	3.06%
Education	3,193,264	0.94%	3,772,092	1.21%	(578,828)	-15.35%
Recreation	2,328,382	0.68%	1,253,063	0.40%	1,075,319	85.82%
Debt Service	1,794,784	0.53%	1,957,800	0.63%	(163,016)	-8.33%
Total by Function	\$ 340,454,853	100.00%	\$ 310,824,324	100.00%	\$ 29,630,529	9.53%

**COUNTY OF HUMBOLDT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

The following graph shows an illustrative picture of how County funds were spent compared to the prior year.



Proprietary funds reporting focuses on determining operating income, changes in net position (or cost recovery), financial position, and cash flows using the full accrual basis of accounting.

Enterprise funds report the business-type activities of the County. Enterprise funds are used to account for the operations of the airport.

Enterprise fund net position net investment in capital assets at fiscal year-end was \$32.2 million. Unrestricted net position of the enterprise funds at fiscal year-end was a negative \$1.1 million. The net position of the enterprise funds increased by \$90 thousand from the prior fiscal year.

Internal service funds are an accounting device to accumulate and allocate costs internally among the County's various functions. Internal service funds are used to account for its information technology services, vehicle maintenance, risk management, facilities maintenance, and utilities functions.

Total net position of the internal service funds at fiscal year-end was \$23.6 million and include \$10.4 million invested in capital assets. The net position of the internal service funds increased \$2.3 million over the prior fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

**COUNTY OF HUMBOLDT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

Differences between the General Fund's original budget and the final amended budget resulted in a \$10.8 increase in appropriations.

After adjustments, actual expenditures were \$56.7 million below final budgeted amounts. Revenues available for appropriation were \$42.8 million below final budget amounts.

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

**Budgetary Comparison
General Fund**

	Original Budget	Final Budget	Net Change	
			Amount	Percent
Total Revenues	\$ 341,591,291	\$ 351,269,299	\$ 9,678,008	2.76%
Total Expenditures	(344,682,818)	(355,537,889)	(10,855,071)	3.05%
Other Financing Sources (Uses)	(1,347,692)	(170,623)	1,177,069	-689.87%
Net Change in Fund Balances	<u>\$ (4,439,219)</u>	<u>\$ (4,439,213)</u>	<u>\$ 6</u>	

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

**Budgetary Comparison
General Fund**

	Final Budget	Actual Amounts	Net Change	
			Amount	Percent
Total Revenues	\$ 351,269,299	\$ 308,494,530	\$ (42,774,769)	-13.87%
Total Expenditures	(355,537,889)	(298,840,964)	56,696,925	-18.97%
Other Financing Sources (Uses)	(170,623)	(4,407,699)	(4,237,076)	96.13%
Net Change in Fund Balances	<u>\$ (4,439,213)</u>	<u>\$ 5,245,867</u>	<u>\$ 9,685,080</u>	

**COUNTY OF HUMBOLDT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

CAPITAL ASSETS

The County's investment in capital assets for its governmental and business type activities as of June 30, 2018, amounted to \$340.2 million (net of accumulated depreciation). This investment in capital assets includes land, structures and improvements, leasehold improvements, equipment, and infrastructure (roads and bridges).

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

	Capital Assets					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 10,697,856	\$ 10,697,856	\$ 1,976,177	\$ 1,976,177	\$ 12,674,033	\$ 12,674,033
Construction In Progress	23,266,111	9,748,130	3,738,969	719,353	27,005,080	10,467,483
Structures and Improvements	105,242,320	104,782,043	53,503,814	53,503,814	158,746,134	158,285,857
Equipment	40,849,483	37,354,713	323,799	293,339	41,173,282	37,648,052
Infrastructure	616,208,218	613,789,181	-	-	616,208,218	613,789,181
Total	796,263,988	776,371,923	59,542,759	56,492,683	855,806,747	832,864,606
Less: Accumulated Depreciation	(488,258,261)	(470,047,547)	(27,385,785)	(25,437,890)	(515,644,046)	(495,485,437)
Net Capital Assets	<u>\$ 308,005,727</u>	<u>\$ 306,324,376</u>	<u>\$ 32,156,974</u>	<u>\$ 31,054,793</u>	<u>\$ 340,162,701</u>	<u>\$ 337,379,169</u>

Additional information regarding capital assets is presented in Note 4.

DEBT ADMINISTRATION

At the end of the current fiscal year, the County had total outstanding debt obligations of \$10.6 million. The entire amount is comprised of bonds that are secured by the County's lease rental payments and other dedicated sources of revenue.

The following table shows the composition of the County's long-term debt obligations.

	Long-Term Debt Obligations					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Certificates of Participation	\$ 10,615,000	\$ 11,900,000	\$ -	\$ -	\$ 10,615,000	\$ 11,900,000
Capital Lease Obligations	-	219,204	-	-	-	219,204
Total Long-Term Debt	10,615,000	12,119,204	-	-	10,615,000	12,119,204
Less: Current Portion	(1,330,000)	(1,504,204)	-	-	(1,330,000)	(1,504,204)
Net Long-Term Debt	<u>\$ 9,285,000</u>	<u>\$ 10,615,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,285,000</u>	<u>\$ 10,615,000</u>

During the year ended June 30, 2018 outstanding debt was decreased by \$1.5 million.

Other obligations include compensated absences (accrued vacation and sick leave), workers' compensation, and general liability insurance claims liability. More detailed information about the County's long-term liabilities is presented in Note 6.

**COUNTY OF HUMBOLDT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The County's fiscal year 2018-19 budget takes into consideration the overall financial health of the County and related impacts of the California State Budget.

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 Auditor-Controller at 825 Fifth Street, Room 126, Eureka, California [95501-1153](tel:95501-1153).

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

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**COUNTY OF HUMBOLDT
STATEMENT OF NET POSITION
JUNE 30, 2018**

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Investments	\$ 110,495,981	\$ 1,487,093	\$ 111,983,074
Restricted Cash and Investments			
Cash with Fiscal Agent	1,775,057	-	1,775,057
Receivables, Net	29,869,155	22,175	29,891,330
Inventory	-	102,978	102,978
Deposits and Other Assets	591,470	-	591,470
Loan Receivable	26,733,365	-	26,733,365
Internal Balances	931,396	(931,396)	-
Capital Assets:			
Nondepreciable	33,963,967	5,715,146	39,679,113
Depreciable, Net	274,041,760	26,441,828	300,483,588
Total Assets	<u>478,402,151</u>	<u>32,837,824</u>	<u>511,239,975</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension	66,354,680	299,672	66,654,352
Deferred OPEB	1,801,850	-	1,801,850
	<u>68,156,530</u>	<u>299,672</u>	<u>68,456,202</u>
LIABILITIES			
Accounts Payable	15,061,000	667,493	15,728,493
Accrued Salaries and Benefits	5,620,294	26,004	5,646,298
Interest Payable	46,662	-	46,662
Unearned Revenue	-	-	-
Long-Term Liabilities:			
Portion Due or Payable Within One Year:			
Certificates of Participation	1,330,000	-	1,330,000
Compensated Absences	9,487,187	48,213	9,535,400
Claims Liability	2,375,628	-	2,375,628
Portion Due or Payable After One Year:			
Certificates of Participation	9,285,000	-	9,285,000
Compensated Absences	5,056,148	68,772	5,124,920
Net OPEB Liability - Current	1,801,850	-	1,801,850
Net OPEB Liability - Noncurrent	39,590,810	-	39,590,810
Net Pension Liability	267,071,314	1,243,907	268,315,221
Total Liabilities	<u>356,725,893</u>	<u>2,054,389</u>	<u>358,780,282</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension	11,178,311	42,231	11,220,542
Total Deferred Inflows of Resources	<u>11,178,311</u>	<u>42,231</u>	<u>11,220,542</u>
NET POSITION			
Net Investment in Capital Assets	297,390,727	32,156,974	329,547,701
Restricted for:			
Economic Development	37,187,501	-	37,187,501
Debt Service and Capital Projects	1,538,636	-	1,538,636
Other Grants and Special Taxes	64,525,455	-	64,525,455
Unrestricted	(221,987,842)	(1,116,098)	(223,103,940)
Total Net Position	<u>\$ 178,654,477</u>	<u>\$ 31,040,876</u>	<u>\$ 209,695,353</u>

See accompanying Notes to Basic Financial Statements.

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**COUNTY OF HUMBOLDT
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	\$ 21,917,784	\$ 4,758,810	\$ 6,097,639	\$ -
Public Protection	95,373,572	11,930,603	36,542,280	4,589,584
Public Ways and Facilities	31,921,957	978,075	9,418,959	3,628,898
Health and Sanitation	79,879,655	27,244,358	46,536,257	-
Public Assistance	113,918,016	4,887,210	102,651,219	-
Education	3,302,537	62,843	429,608	-
Recreation and Culture	1,774,004	501,636	364,402	672,080
Debt Service				
Interest	333,459	-	-	-
Total Governmental Activities	<u>348,420,984</u>	<u>50,363,535</u>	<u>202,040,364</u>	<u>8,890,562</u>
Business-Type Activities				
Aviation	4,802,413	1,869,463	-	2,471,419
Total Business-Type Activities	<u>4,802,413</u>	<u>1,869,463</u>	<u>-</u>	<u>2,471,419</u>
Total Humboldt County	<u>\$ 353,223,397</u>	<u>\$ 52,232,998</u>	<u>\$ 202,040,364</u>	<u>\$ 11,361,981</u>

General Revenues

Taxes:

Property Taxes

Sales and Use Taxes

Transient Occupancy Tax

Other

Unrestricted Interest and Investment Earnings

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year, restated

Net Position - End of Year

See accompanying Notes to Basic Financial Statements.

Net Revenue (Expense) and
Changes in Net Position

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (11,061,335)	\$ -	\$ (11,061,335)
(42,311,105)	-	(42,311,105)
(17,896,025)	-	(17,896,025)
(6,099,040)	-	(6,099,040)
(6,379,587)	-	(6,379,587)
(2,810,086)	-	(2,810,086)
(235,886)	-	(235,886)
-	-	-
(333,459)	-	(333,459)
(87,126,523)	-	(87,126,523)
-	(461,531)	(461,531)
-	(461,531)	(461,531)
(87,126,523)	(461,531)	(87,588,054)
46,721,641	-	46,721,641
22,181,198	-	22,181,198
2,024,834	-	2,024,834
12,391,562	-	12,391,562
2,005,659	8,082	2,013,741
6,163,864	537,901	6,701,765
(5,669)	5,669	-
91,483,089	551,652	92,034,741
4,356,566	90,121	4,446,687
174,297,911	30,950,755	205,248,666
<u>\$ 178,654,477</u>	<u>\$ 31,040,876</u>	<u>\$ 209,695,353</u>

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**BASIC FINANCIAL STATEMENTS –
FUND FINANCIAL STATEMENTS**

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**COUNTY OF HUMBOLDT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

	General Fund	Headwaters Mitigation Fund	Road Fund	Other Governmental	Total
ASSETS					
Cash and Investments	\$ 76,873,859	\$ 11,449,601	\$ 334,459	\$ 5,530,174	\$ 94,188,093
Department Cash Funds	-	-	-	865	865
Restricted Cash and Investments					
Cash with Fiscal Agent	1,775,057	-	-	-	1,775,057
Receivables, Net	27,032,108	67,240	1,985,538	774,463	29,859,349
Due from Other Funds	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Loans Receivable	20,797,706	5,935,659	-	-	26,733,365
Prepays and Other Assets	489,164	-	472	37,461	527,097
Advances to Other Funds	-	-	-	338,454	338,454
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 126,967,894</u>	<u>\$ 17,452,500</u>	<u>\$ 2,320,469</u>	<u>\$ 6,681,417</u>	<u>\$ 153,422,280</u>
LIABILITIES					
Accounts Payable	\$ 9,983,411	\$ -	\$ 2,371,845	\$ 1,319,666	\$ 13,674,922
Accrued Salaries and Benefits	5,050,229	-	242,417	185,459	5,478,105
Due to Other Funds	4,111	-	-	393,426	397,537
Advances from Other Funds	24,188	-	-	-	24,188
Total Liabilities	<u>15,061,939</u>	<u>-</u>	<u>2,614,262</u>	<u>1,898,551</u>	<u>19,574,752</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	<u>3,648,814</u>	<u>-</u>	<u>232,941</u>	<u>23,790</u>	<u>3,905,545</u>
FUND BALANCES					
Nonspendable	489,164	-	472	375,915	865,551
Restricted	80,737,357	17,452,500	-	5,108,397	103,298,254
Committed	1,775,057	-	-	-	1,775,057
Assigned	2,822,737	-	-	-	2,822,737
Unassigned	22,432,826	-	(527,206)	(725,236)	21,180,384
Total Fund Balances	<u>108,257,141</u>	<u>17,452,500</u>	<u>(526,734)</u>	<u>4,759,076</u>	<u>129,941,983</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 126,967,894</u>	<u>\$ 17,452,500</u>	<u>\$ 2,320,469</u>	<u>\$ 6,681,417</u>	<u>\$ 153,422,280</u>

See accompanying Notes to Basic Financial Statements.

**COUNTY OF HUMBOLDT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES
JUNE 30, 2018**

Fund Balance - Total Governmental Funds	\$ 129,941,983
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	297,626,575
Unavailable revenues represent amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.	3,905,545
Deferred outflows of resources reported in the statement of net position.	68,156,530
Internal service funds are used by the County to charge the cost of its motor pool and copier pool to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	23,555,045
Interest payable on long-term debt does not require the use of current financial resources and, therefor, is not accrued as a liability in the governmental funds.	(46,662)
Deferred inflows of resources reported in the statement of net position.	(11,178,311)
Long-term liabilities, including capital leases, are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Certificates of Participation	(10,615,000)
Net OPEB Liability	(41,392,660)
Net pension liability	(267,071,314)
Compensated absences	<u>(14,227,254)</u>
Net Position of Governmental Activities	<u>\$ 178,654,477</u>

See accompanying Notes to Basic Financial Statements.

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

	General Fund	Headwaters Mitigation Fund	Road Fund	Other Governmental	Total
REVENUES					
Taxes	\$ 77,258,231	\$ -	\$ 3,137,751	\$ 2,923,253	\$ 83,319,235
Licenses and Permits	4,150,776	-	81,476	-	4,232,252
Fines, Forfeitures, and Penalties	3,332,684	-	-	413,379	3,746,063
Use of Money and Property	1,195,559	543,835	(298)	80,322	1,819,418
Aid from Other Governments	184,969,338	-	13,460,517	10,563,788	208,993,643
Charges for Services	41,462,879	-	857,500	64,841	42,385,220
Other Revenues	5,679,325	-	88,224	396,315	6,163,864
Total Revenues	<u>318,048,792</u>	<u>543,835</u>	<u>17,625,170</u>	<u>14,441,898</u>	<u>350,659,695</u>
EXPENDITURES					
Current:					
General Government	26,482,333	-	-	-	26,482,333
Public Protection	84,313,595	-	-	10,509,014	94,822,609
Public Ways and Facilities	2,545,873	-	19,051,952	-	21,597,825
Health and Sanitation	78,037,829	-	-	-	78,037,829
Public Assistance	112,197,827	-	-	-	112,197,827
Education	173,885	-	-	3,019,379	3,193,264
Recreation and Culture	1,984,940	343,442	-	-	2,328,382
Debt Service:					
Principal	-	-	-	1,454,975	1,454,975
Interest and Other Charges	-	-	-	339,809	339,809
Total Expenditures	<u>305,736,282</u>	<u>343,442</u>	<u>19,051,952</u>	<u>15,323,177</u>	<u>340,454,853</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	12,312,510	200,393	(1,426,782)	(881,279)	10,204,842
OTHER FINANCING SOURCES (USES)					
Transfers In	414,184	60,494	-	2,074,267	2,548,945
Transfers Out	(4,821,883)	(307,413)	-	(236,517)	(5,365,813)
Total Other Financing Sources (Uses)	<u>(4,407,699)</u>	<u>(246,919)</u>	<u>-</u>	<u>1,837,750</u>	<u>(2,816,868)</u>
NET CHANGES IN FUND BALANCES	7,904,811	(46,526)	(1,426,782)	956,471	7,387,974
Fund Balances - Beginning of Year, restated	<u>100,352,330</u>	<u>17,499,026</u>	<u>900,048</u>	<u>3,802,605</u>	<u>122,554,009</u>
FUND BALANCES - END OF YEAR	<u>\$ 108,257,141</u>	<u>\$ 17,452,500</u>	<u>\$ (526,734)</u>	<u>\$ 4,759,076</u>	<u>\$ 129,941,983</u>

See accompanying Notes to Basic Financial Statements.

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

Net Change to Fund Balance - Total Governmental Funds \$ 7,387,974

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

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

Expenditures for General Capital Assets, Infrastructure, and Other Related Capital Assets Adjustments	\$ 17,809,758	
Less: Current Year Depreciation	<u>(17,244,466)</u>	565,292

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	1,937,283
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Long-term debt proceeds provide resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal Payments on Certificates of Participation and Capital Leases	1,504,204
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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 governmental funds.

Change in Accrued Interest on Debt	6,350	
Change in Other Postemployment Benefits	(1,179,971)	
Changes in Net Pension Liability and Deferred Inflows/Outflows	(6,939,548)	
Change in Compensated Absences	<u>456,185</u>	(7,656,984)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of certain activities of the internal service funds is reported with governmental activities.	<u>618,797</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 4,356,566</u></u>
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See accompanying Notes to Basic Financial Statements.

**COUNTY OF HUMBOLDT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018**

	Business -Type Activities - Enterprise Fund	Governmental Activities Internal Service Funds
	Aviation	Funds
ASSETS		
Current Assets:		
Cash and Investments	\$ 1,486,693	\$ 16,307,023
Departmental Cash Funds	400	-
Accounts Receivable	22,175	9,537
Due from Other Funds	-	617,399
Inventory	102,978	-
Prepaid Expenses	-	64,373
Total Current Assets	1,612,246	16,998,332
Noncurrent Assets:		
Capital Assets:		
Nondepreciable	5,715,146	241,422
Depreciable, Net	26,441,828	10,137,730
Total Noncurrent Assets	32,156,974	10,379,152
Total Assets	33,769,220	27,377,484
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension	299,672	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	667,493	988,541
Accrued Salaries and Benefits	26,004	142,189
Due to Other Funds	617,130	-
Unearned Revenue	-	-
Other Liabilities	-	-
Provision for Estimated Claims	-	2,375,628
Compensated Absences	48,213	233,142
Total Current Liabilities	1,358,840	3,739,500
Noncurrent Liabilities:		
Advances from Other Funds	314,266	-
Compensated Absences	68,772	82,939
Net pension Liability	1,243,907	-
Total Noncurrent Liabilities	1,626,945	82,939
Total Liabilities	2,985,785	3,822,439
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension	42,231	-
NET POSITION		
Net Investment in Capital Assets	32,156,974	10,379,152
Unrestricted	(1,116,098)	13,175,893
Total Net Position	\$ 31,040,876	\$ 23,555,045

See accompanying Notes to Basic Financial Statements.

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

	Business -Type Activities - Enterprise Fund	Governmental Activities
	Aviation	Internal Service Funds
OPERATING REVENUES		
Charges for Services	\$ 1,869,463	\$ 40,150,003
Other Revenue	537,901	1,439,161
Total Operating Revenues	<u>2,407,364</u>	<u>41,589,164</u>
OPERATING EXPENSES		
Salaries and Benefits	883,065	4,165,966
Services and Supplies	1,971,453	36,147,338
Claims Expense	-	1,936,499
Depreciation	1,947,895	1,718,004
Total Operating Expenses	<u>4,802,413</u>	<u>43,967,807</u>
OPERATING INCOME (LOSS)	<u>(2,395,049)</u>	<u>(2,378,643)</u>
NONOPERATING REVENUE (EXPENSES)		
Interest Income	8,082	186,241
Total Nonoperating Revenue (Expenses)	<u>8,082</u>	<u>186,241</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(2,386,967)	(2,192,402)
OTHER FINANCING SOURCES (USES)		
Capital Contributions	2,471,419	-
Transfers In	80,000	2,811,199
Transfers Out	(74,331)	-
Total Other Financing Sources (Uses)	<u>2,477,088</u>	<u>2,811,199</u>
CHANGE IN NET POSITION	90,121	618,797
Net Position - Beginning of Year, as Restated	<u>30,950,755</u>	<u>22,936,248</u>
NET POSITION - END OF YEAR	<u>\$ 31,040,876</u>	<u>\$ 23,555,045</u>

See accompanying Notes to Basic Financial Statements.

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

	Business-Type Activities - Enterprise Fund	Governmental Activities
	Aviation	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Receipts from Customers and Other Funds	\$ 2,562,811	\$ -
Cash Receipts from Internal Fund Services Provided	-	41,609,076
Cash Paid to Suppliers for Goods and Services	(1,371,390)	(36,194,033)
Cash Paid to Employees for Services	(871,917)	(4,185,593)
Net Cash Provided (Used) by Operating Activities	319,504	1,229,450
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other Funds	669,078	2,536,387
Transfers to other Funds	(74,331)	-
Net Cash Provided (Used) by Noncapital Financing Activities	594,747	2,536,387
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Grants	2,471,419	-
Purchase of Capital Assets	(3,050,076)	(2,834,063)
Interest Paid on Capital Debt	-	-
Net Cash Used by Capital and Related Financing Activities	(578,657)	(2,834,063)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	8,082	186,241
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	343,676	1,118,015
Cash and Cash Equivalents - Beginning of Year	1,143,417	15,189,008
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,487,093	\$ 16,307,023
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF FUND NET POSITION		
Cash and Investments	\$ 1,486,693	\$ 16,307,023
Department Cash Funds	400	-
Total Cash and Cash Equivalents	\$ 1,487,093	\$ 16,307,023

See accompanying Notes to Basic Financial Statements.

**COUNTY OF HUMBOLDT
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018**

	Business-Type Activities - Enterprise Fund	Governmental Activities
	Aviation	Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (2,395,049)	\$ (2,378,643)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	1,947,895	1,718,004
Changes in Assets and Liabilities:		
(Increase) Decrease in:		
Receivables	155,447	(9,494)
Inventories	-	327,991
Prepays	-	1,727,138
Increase (Decrease) in:		
Accounts Payable	600,063	297,887
Accrued Salaries and Benefits	(3,996)	18,198
Compensated Absences	(864)	(37,825)
Claims Payable	-	87,863
Net Pension Liability	16,008	-
Other Liabilities	-	(521,669)
Net Cash Provided (Used) by Operating Activities	\$ 319,504	\$ 1,229,450

See accompanying Notes to Basic Financial Statements.

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

	Investment Trust Fund	Agency Funds
ASSETS		
Pooled Cash and Investments	\$ 197,696,857	\$ 50,063,372
Taxes Receivable	-	9,381,466
Due from Other Funds	-	397,537
Total Assets	197,696,857	59,842,375
LIABILITIES		
Agency Funds Held for Others	-	59,842,375
Total Liabilities	-	59,842,375
NET POSITION		
Net Position Held in Trust for Investment Pool Participants	197,696,857	-
Total Net Position	\$ 197,696,857	\$ -

See accompanying Notes to Basic Financial Statements.

**COUNTY OF HUMBOLDT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2018**

	<u>Investment Trust Fund</u>
ADDITIONS	
Contributions to Pooled Investments	\$ 436,605,876
Investment Income	5,598,932
Total Additions	442,204,808
DEDUCTIONS	
Distributions from Pooled Investments	<u>450,226,088</u>
CHANGE IN NET POSITION	(8,021,280)
Net Position - Beginning of Year	<u>205,718,137</u>
NET POSITION - END OF YEAR	<u><u>\$ 197,696,857</u></u>

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

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COUNTY OF HUMBOLDT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Reporting Entity

The County of Humboldt (the County) is a political subdivision created by the state of California. As such, it can exercise the powers specified by the Constitution and statutes of the state. The County is governed by a five member elected Board of Supervisors. The accompanying financial statements present the County's primary government and component units over which the County exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the County (as distinct from legal relationships). Blended component units, although legally separate entities, are, in substance, part of the County's operations.

The reporting entity excludes certain separate legal entities which may have "Humboldt" in their title, or which are required to keep their funds in the County Treasury or receive their tax apportionment from the County. Some examples are school districts, the community college district, cities, various redevelopment agencies established by local city governments, and a variety of special purpose districts for cemeteries, recreation, and parks. These entities are autonomous organizations with their own governmental powers and constituencies and over which the Board of Supervisors has no oversight responsibility. Accordingly, they are not included in the accompanying combined financial statements, except as to their assets held by the County (principally cash and investments held by the County Treasurer) as discussed under "fiduciary funds".

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

Discretely Presented Component Unit

The Fortuna Fire Protection District (District) was established in 1904 to provides fire protection and other emergency services. The District is governed by a five member Board of Commissioners. The District is reported as a component unit because the County's Board of Supervisors appoints all five members of the District's governing body and can remove members at will. The District is discretely presented because the board is not substantially the same as the County's. Separately issued financial statements are available for the District by contacting the following office: Fortuna Fire Hall Department Headquarters, 320 South Fortuna Blvd., Fortuna, CA 95540. The District is currently not included in the County's government-wide financial statements because the financial statements for the year ended June 30, 2018 were not available at the time of our audit.

COUNTY OF HUMBOLDT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Blended Component Units

The Public Facilities Corporation (the Corporation) is a nonprofit, public benefit corporation incorporated under the laws of the state of California and recorded by the Secretary of State on December 11, 1985. The Corporation's Board of Directors are appointed by the County's Board of Supervisors. The Corporation has no employees. The County's Auditor-Controller functions as an agent of the Corporation. He does not receive additional compensation for work performed in this capacity.

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

The County has assumed "moral obligation", and potentially a legal obligation, for any debt incurred by the Corporation. The Corporation was formed to provide financing assistance to the County for construction and acquisition of major capital facilities. Upon completion, the County intends to occupy all Corporation facilities. The Corporation has assigned certain rights under the lease agreement to Bank of New York, Union Bank of California, and First Interstate Bank of Trustees. The Corporation has deposited with the Trustee the proceeds from the sales of Certificates of Participation which were used to finance various projects. The bond retirement costs have been factored into the County's lease payment amounts. The Corporation's financial activity is presented in the financial statements as the Debt Service Fund. Certificates of Participation issued by the Corporation are included in the statement of net position – Governmental Activities column.

Capital assets acquired or constructed by the Corporation are included in the statement of net position – Governmental Activities column.

The County has 13 special districts referred to as Special Districts under the Board of Supervisors. Each is established for the purpose of providing specific services in a defined geographic area. Their board members are the same as the County Board of Supervisors. These agencies are reported in the Special Districts under the Board of Supervisors special revenue fund. These districts are as follows: Loleta Fire Protection District, Whitethorn Fire Protection District, Garberville Lighting District, Hydenville Lighting District, Loleta Lighting District, Rohnerville Lighting District, Weott Maintenance and Lighting District, Redcrest Lighting District, Myers Flat Lighting District, Pacific Manor Street Maintenance and Lighting District, Humboldt County Flood Control District – Subzone 1-1, and Janes Creek Drainage District.

COUNTY OF HUMBOLDT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the primary government (the County) and its blended component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities, which normally are 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 demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function, and allocated indirect expenses. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

When both restricted and unrestricted resources are available for use, generally restricted resources are used first, followed by unrestricted resources.

Fund Financial Statements

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The County reports the following major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as public protection, public ways and facilities, health and sanitation, public assistance, education and recreation services.
- The *Headwaters Mitigation Fund* is used to reimburse the County for the loss of property and timber tax revenues subsequent to the Headwaters Forest purchase by state and federal agencies. The Fund is also used to provide seed money for local economic development projects.

COUNTY OF HUMBOLDT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

- The *Road Fund* provides for planning, design, construction, maintenance, and administration of County transportation planning activities.

The County reports the following major enterprise funds:

- The *Aviation Fund* is used to fund general Airport operations, office and administrative expenses and the maintenance of Airport facilities, including the replacement of exterior lighting fixtures, runway, taxiway and ramp lighting, heating and air conditioning service. Major revenue sources include fuel flow fees, rents, land leases, airport royalties, and interest earnings.

The County reports the following additional fund types:

- *Internal Service Funds* account for the County's fleet maintenance and other services provide to other departments or other governments, and self-insurance programs – worker's compensation, dental, medical, unemployment, and general liability on a cost-reimbursement basis.
- The *Investment Trust Fund* accounts for the assets of legally separate entities that deposit cash with the County Treasurer. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities and pass through funds for tax collections for cities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.
- The *Agency Funds* account for assets held by the County as an agent for various local governments.

C. Basis of Accounting

The government-wide, proprietary and fiduciary 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 taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place.

Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligible 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 accrued when their receipt occurs within 60 days after the end of the accounting period so as to be measurable and available. Expenditures are generally recorded when a liability is incurred, as under

COUNTY OF HUMBOLDT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

The Governmental Accounting Standards Board (GASB) periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes accounting principles generally accepted in the United States of America for governmental units.

D. Cash and Cash Equivalents

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

E. Restricted Cash and Investments

The County reports restricted cash and investments as cash with fiscal agent in the General Fund. Amounts are held with Public Agency Retirement Services (PARS) and are restricted for future pension benefits.

F. Property Tax

The County is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County based on the assessed value as of the preceding January 1. January 1 is also the lien date. Tax rates are set no later than the first workday in September. Property taxes on the secured roll are due in two installments: November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively. Supplemental property taxes are levied based on changes in assessed values between the date of real property sales and construction and the next normal assessment date. The additional supplemental property taxes are prorated from the first of the month following the date of such occurrence. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent, if unpaid, on August 31.

On September 21, 1993, the County adopted the Teeter Plan. The Teeter Plan provides for a tax distribution procedure in which secured roll taxes, excluding assessments and debt repayment levies, are distributed to participating County taxing agencies on the basis of the tax levy, rather than on the basis of actual tax collections. The County then receives all future delinquent tax payments, penalties and interest, and a complex tax redemption distribution system for all taxing agencies is avoided.

COUNTY OF HUMBOLDT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

In connection with its adoption of the Teeter Plan, the County advanced to the participating taxing agencies an amount equal to 95% of the total years' delinquent secured property taxes, penalties and interest (not including assessments and debt replacement levies) outstanding at June 30, 1993.

Once adopted by the County, the Teeter Plan remains in effect unless the County orders its discontinuance or prior to the commencement of any subsequent fiscal year the County receives a petition for its discontinuance adopted by resolution of two-thirds of the participating revenue districts in the County. Further, the County may, by resolution adopted not later than July 15 of any subsequent fiscal year after a public hearing, discontinue the Teeter Plan as to any tax levying or assessment levying agency if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls for that agency.

By resolution the County has covenanted that, except for the purpose of securing borrowings, the proceeds of which would be deposited to the General Fund, the County will take no action to sell, assign, or otherwise encumber the future delinquent tax payments, penalties, and interest receivable by the County under the Teeter Plan.

The County is required to create a tax loss reserve fund (an agency fund) under one or two alternative methods: (1) 1% of the total amount of taxes and assessments levied on the secured roll for the year or (2) 25% of the total delinquent secured taxes for participating entities in the County as calculated at the end of the fiscal year. For fiscal year 2015-2016, the County opted to use method (1) which required a tax loss reserve of at least 1% of total taxes and assessments levied on the secured roll.

G. Loans Receivable

The County has loans to low-income homeowners for residential housing improvements and to developers for the construction of low-income qualified rental property. The loans are made through the Community Development Block Grant Program, the CalHOME Program, and the HOME Program. The notes have interest rates from 0% to 6%. The terms of the notes range from 5 to 55 years. The notes are due upon sale of the property or maturity date. The notes are secured by real estate.

The County also makes business venture loans through the Headwaters Revolving Loan Fund. Such loans are generally secured by inventory, receivables and cash; as well as the personal assets of the business owners. The loan terms are from 3 to 10 years with interest rates from 5.5% to 10%. The County believes that substantially all loan principal is collectible.

H. Inventories and Prepaids

Inventories are stated at cost (first-in, first-out basis) for governmental funds and lower of average cost or market for proprietary funds. Inventory recorded by governmental funds includes postage and materials and supplies for roads. Governmental fund inventories are recorded as expenditures at the time the inventory is consumed. Reported inventories of governmental funds are equally offset by a corresponding nonspendable portion of fund balance to indicate that portion of fund balance not available for future appropriation.

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

Inventory recorded in the proprietary funds mainly consists of maintenance supplies. Inventory is expensed as the supplies are consumed.

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

I. Capital Assets

Capital assets (including infrastructure) are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated acquisition value on the date contributed. Capital assets include public domain (infrastructure) general fixed assets consisting of certain improvements including roads, bridges, water/sewer, lighting system, drainage systems, and flood control. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements and proprietary funds. Depreciation begins when the asset is placed in service and ends in the fiscal year that it is retired from service or is fully depreciated.

The estimated useful lives are as follows:

	<u>Estimated Lives</u>
Infrastructure (Except for the Maintained Pavement Subsystem)	20 to 50 Years
Structures and Improvements	20 to 50 Years
Equipment	3 to 15 Years

Motor pool vehicles are depreciated using historical cost as required by accounting principles generally accepted in the United States of America.

The County has several networks of infrastructure assets – roads, lighting, drainage, and flood control. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, lighting, drainage, and flood control. These infrastructure assets are likely to be the largest asset class of the County. Their historical cost and related depreciation has been reported in the financial statements.

J. 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 or 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, pension and OPEB, which qualify for reporting in this category.

COUNTY OF HUMBOLDT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has two types of items which qualify for reporting in this category: pensions and unavailable revenue. The item, *unavailable revenue*, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: intergovernmental revenue and charges for services. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

K. Compensated Absences

County employees are granted vacation, holiday, comp time, and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation, holiday and comp time at 100%. Employees are reimbursed for accumulated sick leave based on years of service and date of hire.

The County accrues accumulated unpaid compensated absences when earned (or estimated to be earned) by the employee. The liability for governmental funds is reflected in the government-wide statement of net position. In the proprietary funds, accumulated compensated absences is recorded as an expense and liability as the benefits accrue to employees.

L. Pensions

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

M. Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and 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). 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 governmental fund financial statements, are offset by a nonspendable portion of fund balance to indicate that they are not available for appropriation and are not available financial resources.

COUNTY OF HUMBOLDT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

N. Net Position/Fund Balance

The government-wide and business-type activities fund financial statements utilize a net position presentation. Net position components are categorized as net investment in capital assets, restricted, and unrestricted.

- Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This category represents net position of the County, not restricted for any project or other purpose.

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2018, fund balances for governmental funds consist of the following categories:

- Nonspendable Fund Balance – This category includes amounts that are not in a spendable form or are legally or contractually required to be maintained intact (such as inventories or prepaid amounts).
- Restricted Fund Balance – This category includes amounts that can be spent only for specific purposes stipulated by external parties (such as creditors, grant providers, or contributors) or by law.
- Committed Fund Balance – This category includes amounts that can be used only for the specific purpose determined by the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action. The formal action must occur prior to the end of the reporting period. The amount which will be subject to the constraint may be determined in the subsequent period.
- Assigned Fund Balance – This category is comprised of amounts intended to be used by the government entity for specific purposes that are neither restricted nor committed. Intent can be expressed by the Board of Supervisors or by an official or body to which the Board delegates the authority. Assigned fund balance can be used to eliminate a projected budgetary deficit in the subsequent year's budget.

COUNTY OF HUMBOLDT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

- Unassigned Fund Balance – This category is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purposes.

The Board of Supervisors establishes, modifies, or rescinds fund balance commitments and assignments by passage of a resolution or an ordinance. This can be done through the adoption of the budget and subsequent budget amendments that occur throughout the year.

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

Fund Balance Policy

The County has developed a fund balance policy to assist financial statement users in understanding the existing commitments and constraints that apply to fund balances of governments. Committed, assigned, and unassigned fund balances are considered unrestricted. Additional detailed information, along with the complete *Fund Balance Policy*, can be obtained from the County Auditor-Controller's office.

O. Estimates

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

COUNTY OF HUMBOLDT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 CASH AND INVESTMENTS

At June 30, 2018, total County cash and investments were as follows:

Cash:	
Cash on Hand and Imprest Cash	\$ 27,145
Deposits	<u>8,131,917</u>
Total Cash and Deposits	8,159,062
Investments:	
In Treasurer's Pool	362,943,931
With Fiscal Agent	<u>1,775,057</u>
Total Investments	364,718,988
In Transit:	
Outstanding Checks	<u>(11,359,690)</u>
Total	<u><u>\$ 361,518,360</u></u>

Cash and investments were reported in the basic financial statements as follows:

Primary Government:	
Governmental Activities	\$ 112,271,038
Business-Type Activities	1,487,093
Investment Trust Fund	197,696,857
Agency Funds	<u>50,063,372</u>
Total	<u><u>\$ 361,518,360</u></u>

COUNTY OF HUMBOLDT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Investments

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury and Agency Securities	5 Years	100%	N/A
U.S. Treas. and Ag. Sec. - Headwaters Investment Portfolio	30 Years	100%	N/A
Bonds and Notes issued by local agencies	5 Years	100%	N/A
Bonds and Notes loc. ag. - Headwaters Investment Portfolio	30 Years	100%	N/A
Registered State Warrants and Municipal Notes and Bonds	5 Years	100%	N/A
Registered St. Warrants - Headwaters Investment Portfolio	30 Years	100%	N/A
Muni. Notes and Bonds - Headwaters Investment Portfolio	30 Years	100%	N/A
Bankers' Acceptances	180 days	40%	N/A
Commercial Paper	270 days	40%	N/A
Negotiable Certificates of Deposit	5 Years	30%	N/A
Negotiable CDs - Headwaters Investment Portfolio	30 Years	30%	N/A
Repurchase Agreements	1 Year	100%	N/A
Reverse Repurchase Agreements and Securities	92 days	20%	N/A
Medium Terms Corporate Notes	5 Years	30%	N/A
Mutual Funds & Money Market Funds	N/A	20%	N/A
California Asset Management Program	N/A	None	N/A
Joint Powers Agreement	N/A	20%	N/A
Local Agency Investment Fund (LAIF)	N/A	As Limited by LAIF	N/A
Investment Trust of California (CalTRUST)	N/A	As Limited by CalTRUST	N/A
Collateralized Time Deposits	5 Years	N/A	N/A

At June 30, 2018, the County had the following investments:

	Interest Rate	Maturities	Par	Carrying Value	WAM (Years)
Investment Pool:					
Federal Agency Issues - Coupon	1.000 - 2.640	8/10/2018 - 8/28/2025	\$ 270,629,000	\$ 269,962,295	2.33
Negotiable CDs	1.250 - 3.100	11/5/2018 - 12/9/2024	3,932,000	3,932,000	2.69
Municipal Bonds	1.800 - 2.000	7/1/2019 - 8/1/2021	3,000,000	2,992,964	1.70
U.S. Treasury Notes	0.875 - 1.500	6/15/2019 - 6/30/2021	15,000,000	14,880,558	1.94
Medium Term Corporate Notes	1.650 - 2.750	3/1/2021 - 1/26/2023	6,000,000	5,978,466	3.62
Supranationals	1.250 - 2.000	4/26/2019 - 1/15/2023	5,000,000	5,000,000	3.05
California Asset Management Program	Variable	On Demand	57,737,695	57,737,695	
Local Agency investment Fund	Variable	On Demand	2,459,953	2,459,953	
Total Investment Pool			<u>\$ 363,758,648</u>	<u>\$ 362,943,931</u>	
Investments Outside Investment Pool:					
Cash Held with Fiscal Agent:					
Money Market Mutual Funds	Variable	On Demand	1,775,057	1,775,057	
Total Investments			<u>\$ 365,533,705</u>	<u>\$ 364,718,988</u>	

The fair value of the investments is obtained by the County's safekeeping agent. At June 30, 2018, the difference between the cost and fair value of cash and investments was not material (fair value was 99.87% of carrying value). The County is reporting its cash and investments at cost.

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

Fair Value Measurements

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

Level 1 – Investments reflect prices quoted in active markets;

Level 2 – Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and

Level 3 – Investments reflect prices based upon unobservable sources

The Pool has the following recurring fair value measurements as of June 30, 2018:

<u>Investments by Fair Value Level</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Observable Inputs (Level 3)</u>
Federal Agency				
Issues - Coupon	\$ 269,962,295	\$ -	\$ 269,962,295	\$ -
Negotiable CDs	3,932,000	-	3,932,000	-
Municipal Bonds	2,992,964	-	2,992,964	-
Medium Term Corporate Notes	5,978,466		5,978,466	
Supranationals	5,000,000		5,000,000	
U.S. Treasury Notes	14,880,558	14,880,558	-	-
Total Investments Measured at Fair Value	302,746,283	<u>\$ 14,880,558</u>	<u>\$ 287,865,725</u>	<u>\$ -</u>
Investment Measured at Amortized Cost:				
California Asset Management Program	57,737,695			
Local Agency Investment Fund	2,459,953			
PARS	1,775,057			
Total Investments	<u>\$ 364,718,988</u>			

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

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the County Investment Pool's fair value at June 30, 2018.

	<u>Moody's</u>	<u>% of Portfolio</u>
JNJ (Abbott Labs)	Aaa	0.82
Federal National Mortgage	Aaa	21.35
Federal Home Loan Bank	Aaa	20.69
Federal Home Loan Mortgage Corp.	Aaa	10.59
Federal Farm Credit	Aaa	21.75
Intl Finance Corporation	Aaa	0.83
International Bank	Aaa	0.55
Municipal Bonds	Aa2	0.82
U.S. Treasury Notes	Aaa	4.10
Certificates of Deposit	Unrated	1.08
Medium Term Corporate Notes	Aa3	0.83
Local Agency Investment Fund	Unrated	0.68
California Local Agency Investment Fund	Unrated	15.91
Total		<u><u>100.00 %</u></u>

At June 30, 2018, the County had the following investments in any one issuer that represent 5% or more of the total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded because they are not a concentration of credit risk.

	<u>Fair Value Holdings</u>	<u>Percentage Holdings</u>
Federal National Mortgage	\$ 77,481,338	21.35 %
Federal Home Loan Bank	75,110,928	20.69
Federal Home Loan Mortgage Corp.	38,421,514	10.59
Federal Farm Credit	78,948,515	21.75

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

Custodial Credit Risk

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

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

Local Agency Investment Fund

At June 30, 2018, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$2,459,953, which approximates fair value and is the same as the value of the pool shares which is determined on an amortized cost basis. The total amount invested by all public agencies in PMIA on that day was \$88,817,956,137. The PMIA portfolio includes 1.89% invested in structured notes and medium-term asset-backed securities and 0.78% invested in short term asset-backed commercial paper.

County Investment pool Condensed Financial Statements

The following represents a condensed statement of net position and changes in net position for the Treasurer's investment pool as of June 30, 2018:

Statement of Net Position

Net Position Held for Pool Participants	<u>\$ 359,907,713</u>
Equity of External Pool Participants	\$ 197,696,857
Equity of Internal Pool Participants	162,210,856
Total Net Position	<u>\$ 359,907,713</u>

Statement of Changes in Net Position

Net Position at July 1, 2017	\$ 357,716,174
Net Change in Investments by Pool Participants	<u>2,191,539</u>
Net Position at June 30, 2018	<u>\$ 359,907,713</u>

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

NOTE 3 INTERFUND TRANSACTIONS

The composition of interfund balances as of June 30, 2018 is as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Agency Funds	General Fund	\$ 4,111
	Nonmajor Governmental Funds	393,426
Internal Service Funds	Aviation Fund	617,130
	Total	<u>\$ 1,014,667</u>

The due to/from other funds account balances consists of interfund cash transactions to eliminate cash deficits at June 30, 2018 for reporting purposes and short-term loans between funds.

Advances to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	\$ 24,188
	Aviation Fund	314,266
		<u>\$ 338,454</u>

The advances to/from other funds account balances consists of long-term loans between funds related to the County's 2016 financing plan.

Transfers

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

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Nonmajor Governmental Funds	\$ 425,065	Library Operating Subsidy
	Nonmajor Governmental Funds	15,000	Measure Z Library.
	Nonmajor Governmental Funds	1,430,125	Debt Service Payments
	Aviation Fund	80,000	Capital Projects.
	Headwaters Fund	60,494	Contributions
	Internal Service Funds	2,811,199	ADA Trust
Headwaters Fund	General Fund	307,413	Economic Development.
Aviation Fund	Nonmajor Governmental Funds	74,331	Debt Service Payments
Nonmajor Governmental Funds	Nonmajor Governmental Funds	129,746	Debt Service Payments
	General Fund	106,771	Courthouse Construction
	Total	<u>\$ 5,440,144</u>	

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

NOTE 4 CAPITAL ASSETS

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

	Balance July 1, 2017	Additions	Retirements	Transfers and Adjustments	Balance June 30, 2018
Governmental Activities					
Capital Assets, not being Depreciated:					
Land	\$ 10,697,856				\$ 10,697,856
Construction in Progress	9,748,130	16,397,295	-	(2,879,314)	23,266,111
Total Capital Assets, not being Depreciated	20,445,986	16,397,295	-	(2,879,314)	33,963,967
Capital Assets, being Depreciated:					
Infrastructure	613,789,181	-	-	2,419,037	616,208,218
Structures and Improvements	104,782,043	236,748	-	223,529	105,242,320
Equipment	37,354,713	4,225,443	(979,784)	249,111	40,849,483
Total Capital Assets, being Depreciated	755,925,937	4,462,191	(979,784)	2,891,677	762,300,021
Less Accumulated Depreciation for:					
Infrastructure	(381,735,112)	(13,487,155)	-	-	(395,222,267)
Structures and Improvements	(62,758,444)	(2,915,554)	-	-	(65,673,998)
Equipment	(25,553,991)	(2,559,762)	745,838	5,919	(27,361,996)
Total Accumulated Depreciation	(470,047,547)	(18,962,471)	745,838	5,919	(488,258,261)
Total Capital Assets, being Depreciated, Net	285,878,390	(14,500,280)	(233,946)	2,897,596	274,041,760
Governmental Activities Capital Assets, Net	<u>\$ 306,324,376</u>	<u>\$ 1,897,015</u>	<u>\$ (233,946)</u>	<u>\$ 18,282</u>	<u>\$ 308,005,727</u>
Business-Type Activities					
Capital Assets, not being Depreciated:					
Land	\$ 1,976,177	\$ -	\$ -	\$ -	\$ 1,976,177
Construction in Progress	719,353	3,019,616	-	-	3,738,969
Total Capital Assets, not being Depreciated	2,695,530	3,019,616	-	-	5,715,146
Capital Assets, being Depreciated:					
Structures and Improvements	53,503,814	-	-	-	53,503,814
Equipment	293,339	30,460	-	-	323,799
Total Capital Assets, being Depreciated	53,797,153	30,460	-	-	53,827,613
Less accumulated depreciation for:					
Structures and Improvements	(25,185,802)	(1,939,673)	-	-	(27,125,475)
Equipment	(252,088)	(8,222)	-	-	(260,310)
Total Accumulated Depreciation	(25,437,890)	(1,947,895)	-	-	(27,385,785)
Total Capital Assets, being Depreciated, Net	28,359,263	(1,917,435)	-	-	26,441,828
Business-Type Activities Capital Assets, Net	<u>\$ 31,054,793</u>	<u>\$ 1,102,181</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,156,974</u>

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

Depreciation

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 1,689,859
Public Protection	1,374,458
Public Ways and Facilities	13,552,430
Health and Sanitation	207,960
Public Assistance	302,494
Education	36,339
Recreation and Culture	80,927
Capital Assets Held by the Government's Internal Service Funds are Charged to the Various Functions Based on Their Usage of the Asset	<u>1,718,004</u>
Total Depreciation Expense - Governmental Functions	<u><u>\$ 18,962,471</u></u>

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

Aviation	<u><u>\$ 1,947,895</u></u>
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**COUNTY OF HUMBOLDT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5 LEASE COMMITMENTS

Operating Leases

The County is committed under various noncancellable operating leases, primarily for office buildings.

At June 30, 2018, the future minimum rental payments required under operating leases for buildings and equipment were as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 4,363,710
2020	3,533,071
2021	2,622,463
2022	2,083,563
2023	914,317
Thereafter	2,569,445
Total	<u>\$ 16,086,569</u>

Rent expenditures were \$5,442,799 for the year ended June 30, 2018.

NOTE 6 LONG-TERM LIABILITIES

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

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Certificates of Participation	\$ 11,900,000	\$ -	\$ 1,285,000	\$ 10,615,000	\$ 1,330,000
Capital Lease Obligations	219,204	-	219,204	-	-
Compensated Absences	15,037,345	7,606,146	8,100,156	14,543,335	9,487,187
Liability for Unpaid Claims	2,287,765	1,936,499	1,848,636	2,375,628	2,375,628
Total Governmental Activities	<u>\$ 29,444,314</u>	<u>\$ 9,542,645</u>	<u>\$ 11,452,996</u>	<u>\$ 27,533,963</u>	<u>\$ 13,192,815</u>
Long-Term Liabilities					
Business-Type Activities					
Compensated Absences	<u>\$ 117,849</u>	<u>\$ 45,888</u>	<u>\$ 46,752</u>	<u>\$ 116,985</u>	<u>\$ 48,213</u>

The liability for unpaid claims is liquidated by the General Fund and the internal service funds. *Compensated absences* are generally liquidated by the General Fund and related special revenue funds.

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

As of June 30, 2018, annual debt service requirements of governmental activities to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Certificates of Participation</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 1,330,000	\$ 279,973
2020	1,365,000	244,721
2021	1,410,000	244,721
2022	1,455,000	208,544
2023	1,505,000	171,186
2023-2027	3,550,000	184,252
Total	<u>\$ 10,615,000</u>	<u>\$ 1,333,397</u>

Long-term debt at June 30, 2018, consisted of the following:

	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2018</u>
Governmental Activities						
Certificates of Participation:						
2012 Issue to Refund the Outstanding Principal of the County's COP 2003 Series A						
Certificates of Participation	2012	2026	2.53% - 2.80%	\$365,000 - \$670,000	\$ 9,490,000	\$ 5,415,000
2012 Issue to Refund the Outstanding Principal of the County's COP 2004 Series A						
Certificates of Participation	2012	2024	2.53% - 2.80%	\$185,000 - \$315,000	2,905,000	1,670,000
2012 Issue for Capital Projects of Earthquake and Juvenile Hall						
Certificates of Participation	2012	2027	2.53% - 2.80%	\$266,680 - \$362,500	5,465,000	3,530,000
Total Governmental Activities					<u>\$ 17,860,000</u>	<u>\$ 10,615,000</u>

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

NOTE 7 NET POSITION/FUND BALANCES

Classification

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned. A detailed schedule of fund balances at June 30, 2018 is as follows:

	General Fund	Headwaters Fund	Road Fund	Other Governmental Funds	Total
Nonspendable:					
Prepays and Inventory	\$ 489,164	\$ -	\$ 472	\$ 37,461	\$ 527,097
Advances	-	-	-	338,454	338,454
Total Nonspendable	<u>489,164</u>	<u>-</u>	<u>472</u>	<u>375,915</u>	<u>865,551</u>
Restricted for:					
General Government	5,527,164	-	-	-	5,527,164
Public Projection	28,313,211	-	-	2,507,084	30,820,295
Public Ways and Facilities	4,494,834	-	-	-	4,494,834
Health and Sanitation	12,169,673	-	-	-	12,169,673
Public Assistance	9,807,447	-	-	-	9,807,447
Education	479,617	-	-	1,016,015	1,495,632
Recreation	210,410	-	-	-	210,410
Economic Development	19,735,001	17,452,500	-	-	37,187,501
Debt Service	-	-	-	1,585,298	1,585,298
Total Restrictions	<u>80,737,357</u>	<u>17,452,500</u>	<u>-</u>	<u>5,108,397</u>	<u>103,298,254</u>
Committed for:					
Pensions	1,775,057	-	-	-	1,775,057
Assigned for:					
General Reserve	2,822,737	-	-	-	2,822,737
Unassigned	<u>22,432,826</u>	<u>-</u>	<u>(527,206)</u>	<u>(725,236)</u>	<u>21,180,384</u>
Total Fund Balance	<u>\$ 108,257,141</u>	<u>\$ 17,452,500</u>	<u>\$ (526,734)</u>	<u>\$ 4,759,076</u>	<u>\$ 129,941,983</u>

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

NOTE 8 PENSION PLANS

A. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the County’s separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by state statute and County’s resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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

The Plans’ provisions and benefits in effect at June 30, 2018 are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013
Hire Date		
Benefit Formula	2.7% @ 55	2% @ 62
Benefit Vesting Schedule	5 Years Service	5 Years Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50 - 55	52 - 67
Monthly Benefits, as a % of Eligible Compensation	2.0% to 2.7%	1.0% to 2.5%
Required Employee Contribution Rates	7% - 8%	7% - 8%
Required Employer Contribution Rates	22.747%	22.747% - 24.487%
	Safety	
	Prior to January 1, 2013	On or After January 1, 2013
Hire Date		
Benefit Formula	3% @ 50	2.7% @ 57
Benefit Vesting Schedule	5 Years Service	5 Years Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50	50 - 57
Monthly Benefits, as a % of Eligible Compensation	3.0%	2.0% to 2.7%
Required Employee Contribution Rates	9.00%	10.75%
Required Employer Contribution Rates	29.097%	29.097% - 33.181%

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

Employees Covered – At June 30, 2018, the following employees were covered by the benefit terms for each Plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	3,184	279
Inactive Employees Entitled to but not yet Receiving Benefits	2,749	199
Active Employees	<u>1,818</u>	<u>308</u>
Total	<u><u>7,751</u></u>	<u><u>786</u></u>

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 both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The County is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

B. Net Pension Liability

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

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

Actuarial Assumptions – The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2016	June 30, 2016
Measurement Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.75%	2.75%
Payroll Growth	3.0%	3.0%
Projected Salary Increase	3.3% - 14.2% (1)	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)	7.5% (2)
Mortality	Derived using CalPERS' Membership Data for all Funds	
Postretirement Benefit	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power Applies, 2.75% Thereafter	

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

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2007. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.15% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% 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% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.15% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.15%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

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

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

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

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

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10(a)</u>	<u>Real Return Years 11 + (b)</u>
Global Equity	47.0 %	4.90 %	5.38 %
Global Fixed Income	19.0	0.80	2.27
Inflation Sensitive	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.

COUNTY OF HUMBOLDT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

C. Changes in the Net Pension Liability

The changes in the Net Pension Liability for each Plan are as follows:

	Miscellaneous Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2016	\$ 613,616,858	\$ 421,945,450	\$ 191,671,408
Changes in the Year:			
Service Cost	14,807,223	-	14,807,223
Interest on the Total Pension Liability	44,815,103	-	44,815,103
Benefit Payments, Including Refunds of Employee Contributions	(32,334,940)	(32,334,940)	-
Changes of Assumptions	34,895,188	-	34,895,188
Differences Between Expected and Actual Experience	(6,283,980)	-	(6,283,980)
Plan to Plan Resource Movement	-	(16,776)	16,776
Contribution - Employer	-	17,968,022	(17,968,022)
Contribution - Employee	-	7,488,725	(7,488,725)
Net Investment Income	-	46,381,283	(46,381,283)
Administrative Expenses	-	(616,193)	616,193
Change of Allocation	(6,679,562)	(4,593,111)	(2,086,451)
Net Changes	<u>49,219,032</u>	<u>34,277,010</u>	<u>14,942,022</u>
Balance at June 30, 2017	<u>\$ 662,835,890</u>	<u>\$ 456,222,460</u>	<u>\$ 206,613,430</u>
	Safety Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2016	\$ 189,585,001	\$ 133,607,611	\$ 55,977,390
Changes in the Year:			
Service Cost	4,640,621	-	4,640,621
Interest on the Total Pension Liability	14,038,633	-	14,038,633
Changes of Assumptions	12,184,884	-	12,184,884
Differences Between Expected and Actual Experience	(3,324,947)	-	(3,324,947)
Benefit Payments, Including Refunds of Employee Contributions	(8,841,462)	(8,841,462)	-
Plan to Plan Resource Movement	-	18,284	(18,284)
Contribution - Employer	-	5,249,061	(5,249,061)
Contribution - Employee	-	1,909,048	(1,909,048)
Net Investment Income	-	14,835,660	(14,835,660)
Administrative Expenses	-	(197,263)	197,263
Net Changes	<u>18,697,729</u>	<u>12,973,328</u>	<u>5,724,401</u>
Balance at June 30, 2017	<u>\$ 208,282,730</u>	<u>\$ 146,580,939</u>	<u>\$ 61,701,791</u>

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the County for each Plan, calculated using the discount rate for each Plan, as well as what the County’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease in Discount Rate 6.15%	Discount Rate 7.15%	1% Increase in Discount Rate 8.15%
Miscellaneous	\$ 290,296,900	\$ 206,613,430	\$ 136,939,318
Safety	91,601,537	61,701,791	37,335,300

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

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

For the year ended June 30, 2018, the County recognized pension expense of \$26,671,129 and \$8,185,735 for its miscellaneous and safety plans, respectively. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 20,100,573	\$ -
Differences Between Actual and Expected Experience	-	6,412,785
Changes in Assumptions	23,638,675	601,765
Net Differences Between Projected and Actual Earnings on Plan Investments	6,036,384	-
Total	<u>\$ 49,775,632</u>	<u>\$ 7,014,550</u>

	Safety Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 5,872,050	\$ -
Differences Between Actual and Expected Experience	-	3,439,062
Changes in Assumptions	8,978,336	766,930
Net Differences Between Projected and Actual Earnings on Plan Investments	2,028,334	-
Total	<u>\$ 16,878,720</u>	<u>\$ 4,205,992</u>

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

The County reported \$25,972,623 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, 2018. 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>Miscellaneous</u>	<u>Safety</u>
2019	\$ 6,517,269	\$ 833,776
2020	16,040,316	4,341,272
2021	3,481,399	2,698,943
2022	(3,378,475)	(1,073,313)
Thereafter	-	-

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. Plan Description

The County sponsors healthcare coverage under the California Public Employees Medical and Hospital Care Act (PEMHCA), commonly referred to as PERS Health. PEMHCA provides health insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options. Participation in PEMHCA is financed in part by the County through a flexible benefits plan, with contributions made to the plan up to a dollar amount determined by collective bargaining, including \$105.00 per month that the County designates for PEMHCA. The \$105.00 per month was increased by law to \$108.00 for 2011, and will be indexed with medical inflation (CPI) for years 2011 and thereafter.

Postretirement Coverage

The County also offers PEMHCA to its retirees. The County makes the required statutory PEMHCA contribution as described above. Prior to 2011, the County made additional contributions to a small number of retirees with special agreements, which have now been settled. The County pays a 0.36%-of-premium administrative fee to PEMHCA for each retiree.

Healthcare Premiums

The following table shows January 1, 2015 monthly PERS Health (PEMHCA) premiums for retirees within the Other Northern California region:

	<u>Blue Shield NV HMO</u>	<u>PERS Select PPO</u>	<u>PERS Choice PPO</u>	<u>PERS Care PPO</u>	<u>PORAC</u>
<u>Basic Plan</u>					
Retiree	\$ 753.82	\$ 646.35	\$ 725.54	\$ 656.08	\$ 675.00
Retiree + 1	1,507.64	1,292.70	1,451.08	1,312.16	1,292.00
Family	1,959.93	1,680.51	1,886.40	1,705.81	1,642.00
<u>Medicare Supplement</u>					
Retiree	\$ 352.63	\$ 339.47	\$ 368.76	\$ 339.47	\$ 402.00
Retiree + 1	705.26	678.49	737.52	678.49	802.00
Family	1,057.89	1,018.41	1,106.28	1,018.41	1,281.00

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

B. Actuarial Assumptions

The Net OPEB Liability was determined using an actuarial valuation as of June 30, 2017, using the following assumptions:

Actuarial Assumption	June 30, 2017 Measurement Date
Actuarial Valuation Date	June 30, 2017
Discount Rate	3.50% Unfunded, therefor the discount rate was set to the rate of tax-exempt, high quality 20-year municipal bonds, as the valuation date.
Inflation	2.75%
Mortality Rates:	Based on CalPERS tables.
Salary Increases	2.875%. Additional merit-based on CalPERS merit salary increase tables.
Investment Rate of Return	3.50%
Healthcare Cost Trend Rates	7.00% in the first year, trendng down to 3.84% over 58 years.

C. Employees Covered by Benefit Terms

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

Active employees	1,930
Inactive employees currently receiving benefits	<u>598</u>
Total	<u><u>2,528</u></u>

COUNTY OF HUMBOLDT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

D. Changes in the Net OPEB Liability

The table below shows the changes in the total OPEB liability, the Plan Fiduciary Net Position, and the net OPEB liability as of June 30, 2018.

	Increase (Decrease)
	Total OPEB Liability
Balance at June 30, 2017 <i>(Valuation Date June 30, 2017)</i>	\$ 39,143,921
Changes recognized for the measurement period:	
Service cost	2,573,681
Interest	1,429,674
Benefit payments	(733,082)
Implicit rate subsidy fulfilled	(1,021,534)
Net changes	2,248,739
Balance at June 30, 2018 <i>(Measurement Date June 30, 2017)</i>	\$ 41,392,660

E. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the County recognized OPEB expense of \$4,003,355. OPEB expense represents the change in the net OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in gain/loss, and actuarial assumptions or method. At June 30, 2018, the County reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
OPEB contributions subsequent to measurement date	\$ 1,801,850
Total	\$ 1,801,850

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

F. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the County, as well as what the County 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.

	1% Decrease (2.50%)	Current Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$ 46,713,395	\$ 41,392,660	\$ 36,925,439

G. Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rate

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

	Current Healthcare Cost		
	1% Decrease 6.00%	Trend Rates 7.00%	1% Increase 8.00%
	decreasing to 2.84%	decreasing to 3.84%	decreasing to 4.84%]
Total OPEB Liability	\$ 35,965,980	\$ 41,392,660	\$ 48,123,660

NOTE 10 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 health and welfare of employees. The County has established a self-insurance fund (an internal service fund) to account for and finance these possible risks of loss. Under this program, the Self-Insurance Fund provides the following coverage per occurrence:

Property	\$	5,000
Liability		150,000
Auto Physical Damage		10,000
Dental		1,000
Unemployment		Various

The County purchases excess insurance through risk pools and commercial carriers for claims in excess of coverage provided by the fund and all other risks of loss. The County pays an annual basic premium for coverage and is assessed an annual risk premium based on an actuarial review that estimates each of the program's participant's ultimate liabilities. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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

All funds of the County participate in the program and make payments to the Self-Insurance Fund based on actuarial estimates of the amounts needed to pay prior- and current-year claims. Changes in the Fund's claims liability amounts for the past fiscal years were:

	2018			
	Balance at June 30, 2017	Current Year Claims and Changes in Estimates	Claims Payments	Balance at June 30, 2018
Liability and Auto	\$ 2,088,000	\$ 541,256	\$ (450,256)	\$ 2,179,000
Dental	125,314	1,327,011	(1,325,070)	127,255
Unemployment	74,451	68,232	(73,310)	69,373
Total	\$ 2,287,765	\$ 1,936,499	\$ (1,848,636)	\$ 2,375,628

	2017			
	Balance at June 30, 2016	Current Year Claims and Changes in Estimates	Claims Payments	Balance at June 30, 2017
Liability and Auto	\$ 2,401,000	\$ 178,225	\$ (491,225)	\$ 2,088,000
Dental	100,184	1,330,202	(1,305,072)	125,314
Unemployment	137,638	73,609	(136,796)	74,451
Total	\$ 2,638,822	\$ 1,582,036	\$ (1,933,093)	\$ 2,287,765

The claims liability, including incurred but not reported claims, were based on actuarial reviews. Actuarial review of the liability program was performed by Bickmore Risk Services in November of 2014. Actuarial review of the unemployment program was performed by Bickmore Risk Services in December 2014. An actuarial review of the dental program was last performed by Demsey, Filliger and Associates in May 2012.

All claims are processed and administered by claims administrators as follows:

Property	Assigned by CSAC Excess Insurance Authority
Liability and Auto	County Risk Manager
Dental	Preferred Benefit Insurance Administration, Inc.
Unemployment	Tax Corporation

NOTE 11 JOINT VENTURES

The County participates in several joint ventures under joint powers agreement (JPAs). The relationship between the County and the JPAs is such that none of the JPAs is a component unit of the County for financial reporting purposes.

The County participated in the following JPAs at June 30, 2018:

- CSAC Excess Insurance Authority
- Humboldt Transit Authority
- North Coast Air Quality Management District
- Humboldt County Association of Government Trusts
- Redwood Cost Energy Authority
- Redwood Regional Economic Development Commission
- North Coast Emergency Medical Services
- Humboldt County Waste Management Authority

COUNTY OF HUMBOLDT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

The CSAC Excess Insurance Authority is a joint powers authority organized in accordance with Article 1, Chapter 5, Division 7, Title I of the California Government Code. The purpose of the entity is to develop and fund programs of primary and excess insurance for workers' compensation, comprehensive liability, and other insurance coverages for member counties. The Authority is under the control and direction of a board of directors consisting of representatives of the 53 member counties.

Financial statements for the Authority are produced annually and may be obtained by writing to the CSAC Excess Insurance Authority, 3017 Gold Canal Drive, Suite 300, Rancho Cordova, California 95670.

NOTE 12 COMMITMENTS AND CONTINGENCIES

A. Grants

The County participates in a number of federal and state grant programs subject to financial and compliance audits by the grantors or their representatives. Audits of certain grant programs, including the year ended June 30, 2018, have not yet been conducted. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The County believes that such disallowances, if any, would not have a material effect on the combined financial statements.

B. Legal Actions

In the opinion of County Counsel, there are potential liabilities as of June 30, 2018 which could result in monetary rewards against the County if unfavorable decisions are rendered. The County does not make provisions for potential awards.

C. Construction Commitments

The County had entered into contracts for the construction of certain projects. At June 30, 2018, there were outstanding commitments of \$34,229,381 for road, bridge and building projects.

NOTE 13 DEFICIT NET POSITION

The following funds had a net position deficit as of the fiscal year end:

	Accumulated Deficit
Northcoast Resource Partnership	\$ 378,271
Road	526,734
Debt Service	6,177

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

The internal service fund deficits are due to expenses in excess of user charges. These deficits will be funded by increased user charges.

NOTE 14 PRIOR PERIOD ADJUSTMENTS

Adjustments resulting from errors or changes to comply with provisions of the accounting standards are treated as adjustments to prior periods. Accordingly, the County reports these changes as restatements of beginning fund balance or net position.

	<u>Government- wide Statements</u>	<u>Governmental Fund Statements</u>		<u>Proprietary Funds</u>
	<u>Governmental Activities</u>	<u>General Fund</u>	<u>Nonmajor Governmental</u>	<u>Internal Service</u>
Net position as of June 30, 2017, as previously reported	\$ 198,449,496	\$ 99,318,368	\$ 8,930,825	\$ 21,188,226
<u>Implementation of New Accounting Standard</u>				
Beginning net position of the governmental and business-type activities' were adjusted to reflect the implementation of GASB Statement No. 75 "Accounting and Financial reporting for Postemployment Benefits Other than Pensions."	(22,705,397)	-	-	-
<u>Restatements</u>				
Restate loans receivable balance at the beginning of the year to reflect the Brownsfields loan. The County was improperly recording the loan disbursements as expenditures.	1,140,064	1,140,064	-	-
Restate unearned revenue balance that should have been reversed in a prior year in Medical Insurance internal service fund.	1,748,022			1,748,022
<u>Fund Reclassification</u>				
Regrouping of 2016 Interim Financing Fund from General Fund to Debt Service Fund	-	47,999	(47,999)	-
Regrouping of a State Transit Assistance program to a fiduciary fund.	(154,101)	(154,101)	-	-
Regrouping the Road Fund to a major fund.	-	-	(900,048)	-
Regrouping of Fortuna Fire Protection District, a component unit of the County, from blended to a discrete method based on applicable GASB publications.	(4,180,173)		(4,180,173)	-
Total prior period adjustments	<u>(24,151,585)</u>	<u>1,033,962</u>	<u>(5,128,220)</u>	<u>1,748,022</u>
Net position as of July 1, 2017, restated	<u>\$ 174,297,911</u>	<u>\$ 100,352,330</u>	<u>\$ 3,802,605</u>	<u>\$ 22,936,248</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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COUNTY OF HUMBOLDT
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2018

Last 10 Fiscal Years*

	Safety Plans			
	June 30,			
	2017	2016	2015	2014
TOTAL PENSION LIABILITY				
Service Cost	\$ 4,640,621	\$ 4,080,379	\$ 4,164,088	\$ 4,185,384
Interest on Total Pension Liability	14,038,633	13,624,602	13,034,283	12,485,789
Changes of Assumptions	12,184,884	-	(3,323,361)	-
Differences Between Expected and Actual Experience	(3,324,947)	(1,272,685)	(1,673,748)	-
Benefit payments, Including Refunds of Employee Contributions	(8,841,462)	(8,358,315)	(7,976,174)	(7,539,487)
NET CHANGE IN TOTAL PENSION LIABILITY	<u>18,697,729</u>	<u>8,073,981</u>	<u>4,225,088</u>	<u>9,131,686</u>
Total Pension Liability - Beginning	189,585,001	181,511,020	177,285,932	168,154,246
TOTAL PENSION LIABILITY - ENDING	<u><u>\$ 208,282,730</u></u>	<u><u>\$ 189,585,001</u></u>	<u><u>\$ 181,511,020</u></u>	<u><u>\$ 177,285,932</u></u>
PLAN FIDUCIARY NET POSITION				
Plan-to-Plan Resource Movement	\$ 18,284	\$ (957)	\$ 63,796	\$ -
Contributions - Employer	5,249,061	4,757,426	4,429,607	4,123,350
Contributions - Employee	1,909,048	1,496,334	1,439,592	1,562,669
Net Investment Income	14,835,660	695,008	2,952,599	20,056,375
Benefit Payments, Including Refunds of Employee Contributions	(8,841,462)	(8,358,315)	(7,976,174)	(7,539,487)
Administrative Expense	(197,263)	(82,337)	(151,945)	-
NET CHANGE IN PLAN FIDUCIARY NET POSITION	<u>12,973,328</u>	<u>(1,492,841)</u>	<u>757,475</u>	<u>18,202,907</u>
Plan Fiduciary Net Position - Beginning	133,607,611	135,100,452	134,342,977	116,140,070
PLAN FIDUCIARY NET POSITION - ENDING	<u><u>\$ 146,580,939</u></u>	<u><u>\$ 133,607,611</u></u>	<u><u>\$ 135,100,452</u></u>	<u><u>\$ 134,342,977</u></u>
NET PENSION LIABILITY - ENDING	<u><u>\$ 61,701,791</u></u>	<u><u>\$ 55,977,390</u></u>	<u><u>\$ 46,410,568</u></u>	<u><u>\$ 42,942,955</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.38%	70.47%	74.43%	75.78%
Covered Payroll	\$ 15,975,698	\$ 15,694,368	\$ 15,854,736	\$ 15,327,146
Net Pension Liability as a Percentage of Covered Payroll	386.22%	356.67%	292.72%	280.18%

*Fiscal year 2015 was the first year of implementation. Additional years will be presented as they become available.

See accompanying Notes to Required Supplementary Information.

COUNTY OF HUMBOLDT
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2018

Last 10 Fiscal Years*	Miscellaneous Plans			
	June 30,			
	2017	2016	2015	2014
TOTAL PENSION LIABILITY				
Service Cost	\$ 14,807,223	\$ 13,541,216	\$ 14,413,398	\$ 14,832,034
Interest on Total Pension Liability	44,815,103	44,217,175	42,412,478	40,445,800
Changes of Assumptions	34,895,188	-	(9,694,226)	-
Differences Between Expected and Actual Experience	(6,283,979)	(5,632,041)	(2,886,636)	-
Benefit payments, Including Refunds of Employee Contributions	(32,334,940)	(30,746,413)	(28,451,183)	(26,255,798)
Change of Allocation	(6,679,562)	2,431,847	-	-
NET CHANGE IN TOTAL PENSION LIABILITY	49,219,033	23,811,784	15,793,831	29,022,036
Total Pension Liability - Beginning	613,616,857	589,805,073	574,011,242	544,989,205
TOTAL PENSION LIABILITY - ENDING	\$ 662,835,890	\$ 613,616,857	\$ 589,805,073	\$ 574,011,241
PLAN FIDUCIARY NET POSITION				
Contributions - Employer	\$ 17,968,022	\$ 17,903,857	\$ 17,054,037	\$ 17,041,711
Contributions - Employee	7,488,725	5,790,381	5,870,207	6,421,943
Net Investment Income	46,381,283	2,264,291	9,592,039	62,764,661
Benefit Payments, Including Refunds of Employee Contributions	(32,334,940)	(30,746,413)	(28,451,182)	(26,255,798)
Plan-to-Plan Resource Movement	(16,776)	888	12,495	-
Administrative Expense	(616,193)	(260,230)	(478,678)	-
Change of Allocation	(4,593,111)	1,753,319	-	-
NET CHANGE IN PLAN FIDUCIARY NET POSITION	34,277,010	(3,293,907)	3,598,918	59,972,517
Plan Fiduciary Net Position - Beginning	421,945,450	425,239,357	421,640,439	361,667,922
PLAN FIDUCIARY NET POSITION - ENDING	\$ 456,222,460	\$ 421,945,450	\$ 425,239,357	\$ 421,640,439
NET PENSION LIABILITY - ENDING	\$ 206,613,430	\$ 191,671,407	\$ 164,565,716	\$ 152,370,802
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.83%	68.76%	72.10%	73.46%
Covered Payroll	\$ 85,210,721	\$ 83,148,866	\$ 86,528,224	\$ 83,737,864
Net Pension Liability as a Percentage of Covered Payroll	242.47%	230.52%	190.19%	181.96%

*Fiscal year 2015 was the first year of implementation. Additional years will be presented as they become available.

See accompanying Notes to Required Supplementary Information.

**COUNTY OF HUMBOLDT
SCHEDULE OF PENSION PLAN CONTRIBUTIONS
YEAR ENDED JUNE 30, 2018**

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

	Safety			
	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarially Determined Contribution	\$ 5,872,050	\$ 5,249,061	\$ 4,757,426	\$ 4,429,607
Contributions Related to the Actuarially Determined Contribution	5,872,050	5,249,061	4,757,426	4,429,607
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 16,135,455	\$ 15,975,698	\$ 15,694,368	\$ 15,854,736
Contributions as a Percentage of Covered Payroll	36.39 %	32.86 %	30.31 %	27.94 %
	Miscellaneous			
	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarially Determined Contribution	\$ 20,100,573	\$ 19,582,944	\$ 19,300,602	\$ 18,460,286
Contributions Related to the Actuarially Determined Contribution	20,100,573	19,582,944	19,300,602	18,460,286
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 86,914,946	\$ 85,210,731	\$ 83,148,866	\$ 86,258,224
Contributions as a Percentage of Covered Payroll	23.13%	22.98%	23.21%	21.40%

*Fiscal year 2015 was the first year of implementation. Additional years will be presented as they become available.

See accompanying Notes to Required Supplementary Information.

COUNTY OF HUMBOLDT
SCHEDULE OF CHANGES TO NET OPEB LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2018

Last 10 Fiscal Years*	<u>Reporting Year</u> <u>June 30,</u> <u>2018</u>
TOTAL OPEB LIABILITY	
Service Cost	\$ 2,573,681
Interest on Total OPEB Liability	1,429,674
Benefit Payments	(733,082)
Implicit Rate Subsidy Fulfilled	<u>(1,021,534)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	2,248,739
Total OPEB Liability - Beginning	<u>39,143,921</u>
TOTAL OPEB LIABILITY - ENDING	<u><u>\$ 41,392,660</u></u>

Covered Employee Payroll \$ 103,971,506

Net OPEB Liability as a Percentage of
Covered Employee Payroll 39.81%

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

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 71,228,261	\$ 71,771,994	\$ 76,480,863	\$ 4,708,869
Licenses and Permits	3,315,031	4,266,531	4,138,507	(128,024)
Fines, Forfeits, and Penalties	1,715,867	2,238,189	3,444,897	1,206,708
Use of Money and Property	381,132	381,132	591,796	210,664
Aid from Other Governments	205,233,563	207,049,947	177,706,973	(29,342,974)
Charges for Services	50,537,989	51,075,446	41,087,703	(9,987,743)
Other Revenue	9,179,448	14,486,060	5,043,791	(9,442,269)
Total Revenues	<u>341,591,291</u>	<u>351,269,299</u>	<u>308,494,530</u>	<u>(42,774,769)</u>
EXPENDITURES				
Current:				
General Government	42,769,556	43,338,723	26,482,333	16,856,390
Public Protection	84,040,039	91,228,470	80,694,581	10,533,889
Public Way and Facilities	2,551,461	2,551,461	2,526,812	24,649
Health and Sanitation	82,923,692	84,809,123	74,784,907	10,024,216
Public Assistance	127,757,041	128,855,550	112,193,506	16,662,044
Education	189,185	192,184	173,885	18,299
Recreation and Culture	2,951,844	3,282,251	1,984,940	1,297,311
Contingencies	1,500,000	1,280,127	-	1,280,127
Total Expenditures	<u>344,682,818</u>	<u>355,537,889</u>	<u>298,840,964</u>	<u>56,696,925</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,091,527)</u>	<u>(4,268,590)</u>	<u>9,653,566</u>	<u>13,922,156</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	8,655,753	11,012,822	414,184	(10,598,638)
Transfers Out	<u>(10,003,445)</u>	<u>(11,183,445)</u>	<u>(4,821,883)</u>	<u>6,361,562</u>
Total Other Financing Sources (Uses)	<u>(1,347,692)</u>	<u>(170,623)</u>	<u>(4,407,699)</u>	<u>(4,237,076)</u>
NET CHANGE IN FUND BALANCES	(4,439,219)	(4,439,213)	5,245,867	9,685,080
Budgetary Fund Balances, Beginning of Year	<u>24,184,755</u>	<u>24,184,755</u>	<u>24,184,755</u>	<u>-</u>
BUDGETARY FUND BALANCES - END OF YEAR	<u>\$ 19,745,536</u>	<u>\$ 19,745,542</u>	<u>\$ 29,430,622</u>	<u>\$ 9,685,080</u>

See accompanying Notes to Required Supplementary Information.

**COUNTY OF HUMBOLDT
 BUDGETARY COMPARISON SCHEDULE (CONTINUED)
 GENERAL FUND
 YEAR ENDED JUNE 30, 2018**

(1) Explanation of differences between statement of revenues, expenditures and changes in fund balance:

Sources/Inflows of Resources

Actual Amounts from the Budgetary Comparison Schedule	\$ 308,494,530
Receipts from Funds Reclassified from County Agency Funds, Not Budgeted	<u>9,554,262</u>

Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u><u>\$ 318,048,792</u></u>
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Uses/Outflows of Resources

Actual Amounts from the Budgetary Comparison Schedule	\$ 298,840,964
Disbursements from Funds Reclassified from County Agency Funds, Not Budgeted	<u>6,895,318</u>

Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u><u>\$ 305,736,282</u></u>
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See accompanying Notes to Required Supplementary Information.

**COUNTY OF HUMBOLDT
BUDGETARY COMPARISON SCHEDULE
ROAD FUND
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,810,200	\$ 2,810,200	\$ 3,137,751	\$ 327,551
Licenses and Permits	53,750	53,750	81,476	27,726
Use of Money and Property	5,000	5,000	(298)	(5,298)
Aid from Other Governments	18,868,928	20,728,928	13,460,517	(7,268,411)
Charges for Services	701,000	819,000	857,500	38,500
Other Revenue	79,814	79,814	88,224	8,410
Total Revenues	<u>22,518,692</u>	<u>24,496,692</u>	<u>17,625,170</u>	<u>(6,871,522)</u>
EXPENDITURES				
Current:				
Public Way and Facilities	25,021,764	26,999,764	19,051,952	7,947,812
Total Expenditures	<u>25,021,764</u>	<u>26,999,764</u>	<u>19,051,952</u>	<u>7,947,812</u>
NET CHANGE IN FUND BALANCES	(2,503,072)	(2,503,072)	(1,426,782)	1,076,290
Budgetary Fund Balances, Beginning of Year	<u>900,048</u>	<u>900,048</u>	<u>900,048</u>	<u>-</u>
BUDGETARY FUND BALANCES - END OF YEAR	<u>\$ (1,603,024)</u>	<u>\$ (1,603,024)</u>	<u>\$ (526,734)</u>	<u>\$ 1,076,290</u>

See accompanying Notes to Required Supplementary Information.

**COUNTY OF HUMBOLDT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

NOTE 1 BUDGETARY BASIS OF ACCOUNTING

General Budget Policies

By state law, the County Board of Supervisors must approve a tentative budget no later than June 30 of each year, and adopt a final budget no later than August 30. A public hearing must be conducted to receive comments prior to adoption. However, due to the lateness of the adoption of the state budget, the County by resolution R03-058 has extended these periods to August 10 and October 2, respectively.

From the effective date of the budget, which is adopted and controlled at the departmental level, the amounts stated therein as proposed expenditures become appropriations to the various County departments. However, the legal level of control is the fund level. The Board of Supervisors may amend the budget by resolution during the fiscal year. Department heads may, upon approval of the Auditor-Controller, make transfers from one object or purpose to another within the same budget unit. All other budget amendments must be approved by the Board. It is this final revised budget that is presented in the basic financial statements. Appropriations lapse at year-end.

Budgets are adopted for the general fund and most special revenue funds. Accounting principles applied for purposes of developing data on a budgetary basis are materially the same as those used to present financial statements in conformity with accounting principles generally accepted in the United States of America. The County does not adopt a budget for the Headwaters Mitigation Fund.

Individual fund budgetary comparisons are not presented at the detail budget unit level due to their excessive length. A separate publication presenting this information is available.

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Debt Service Funds are used to account for and report financial resources restricted, committed, or assigned to pay debt principal and interest.

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**COUNTY OF HUMBOLDT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

	Special Revenue			
	Family Support	Courthouse Construction	County Library	Fish and Game Propagation
ASSETS				
Cash and Investments	\$ 1,857,757	\$ 1,585,298	\$ 1,170,302	\$ 32,663
Departmental Cash Funds	-	-	865	-
Receivables	-	-	-	-
Prepays	33,867	-	1,260	-
Advances to Other Funds	-	-	-	-
Total Assets	<u>\$ 1,891,624</u>	<u>\$ 1,585,298</u>	<u>\$ 1,172,427</u>	<u>\$ 32,663</u>
LIABILITIES				
Accounts Payable	\$ 47,381	\$ -	\$ 90,059	\$ 3,395
Salaries and Benefits Payable	107,125	-	65,093	-
Due to Other Funds	-	-	-	-
Total Liabilities	<u>154,506</u>	<u>-</u>	<u>155,152</u>	<u>3,395</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	-	-	-
FUND BALANCE				
Nonspendable	33,867	-	1,260	-
Restricted	1,703,251	1,585,298	1,016,015	29,268
Unassigned	-	-	-	-
Total Fund Balances	<u>1,737,118</u>	<u>1,585,298</u>	<u>1,017,275</u>	<u>29,268</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,891,624</u>	<u>\$ 1,585,298</u>	<u>\$ 1,172,427</u>	<u>\$ 32,663</u>

**COUNTY OF HUMBOLDT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

	Special Revenue		Debt Service	
	Northcoast Resource Partnership	Special Districts Under County Board of Supervisors	Debt Service	Total
ASSETS				
Cash and Investments	\$ 55,867	\$ 779,492	\$ 48,795	\$ 5,530,174
Departmental Cash Funds	-	-	-	865
Receivables	774,463	-	-	774,463
Prepays	2,334	-	-	37,461
Advances to Other Funds	-	-	338,454	338,454
Total Assets	<u>\$ 832,664</u>	<u>\$ 779,492</u>	<u>\$ 387,249</u>	<u>\$ 6,681,417</u>
LIABILITIES				
Accounts Payable	\$ 1,173,904	\$ 4,927	\$ -	\$ 1,319,666
Salaries and Benefits Payable	13,241	-	-	185,459
Due to Other Funds	-	-	393,426	393,426
Total Liabilities	<u>1,187,145</u>	<u>4,927</u>	<u>393,426</u>	<u>1,898,551</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	23,790	-	-	23,790
FUND BALANCE				
Nonspendable	2,334	-	338,454	375,915
Restricted	-	774,565	-	5,108,397
Unassigned	(380,605)	-	(344,631)	(725,236)
Total Fund Balances	<u>(378,271)</u>	<u>774,565</u>	<u>(6,177)</u>	<u>4,759,076</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 832,664</u>	<u>\$ 779,492</u>	<u>\$ 387,249</u>	<u>\$ 6,681,417</u>

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

	Special Revenue			
	Family Support	Courthouse Construction	County Library	Fish and Game Propagation
REVENUES				
Taxes	\$ -	\$ -	\$ 2,550,522	\$ -
Licenses and Permits	-	-	-	-
Fines, Forfeitures, and Penalties	-	407,428	-	5,951
Use of Money and Property	27,185	37,954	3,278	529
Intergovernmental	4,399,579	-	429,608	-
Charges for Services	-	-	55,843	-
Miscellaneous	20,095	-	330,494	-
Total Revenues	<u>4,446,859</u>	<u>445,382</u>	<u>3,369,745</u>	<u>6,480</u>
EXPENDITURES				
Current:				
Public Protection	4,381,821	-	-	16,139
Public Ways and Facilities	-	-	-	-
Education	-	-	3,019,379	-
Debt Service:				
Principal	-	169,975	-	-
Interest and Other Charges	-	20,971	-	-
Total Expenditures	<u>4,381,821</u>	<u>190,946</u>	<u>3,019,379</u>	<u>16,139</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	65,038	254,436	350,366	(9,659)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	440,065	-
Transfers Out	-	(181,881)	(54,636)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(181,881)</u>	<u>385,429</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	65,038	72,555	735,795	(9,659)
Fund Balances - Beginning of Year, Restated	<u>1,672,080</u>	<u>1,512,743</u>	<u>281,480</u>	<u>38,927</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,737,118</u>	<u>\$ 1,585,298</u>	<u>\$ 1,017,275</u>	<u>\$ 29,268</u>

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

	Special Revenue		Debt Service	
	Northcoast Resource Partnership	Special Districts Under County Board of Supervisors	Debt Service	Total
REVENUES				
Taxes	\$ -	\$ 372,731	\$ -	\$ 2,923,253
Licenses and Permits	-	-	-	-
Fines, Forfeitures, and Penalties	-	-	-	413,379
Use of Money and Property	(2,156)	10,312	3,220	80,322
Intergovernmental	5,682,745	51,856	-	10,563,788
Charges for Services	8,998	-	-	64,841
Miscellaneous	-	45,726	-	396,315
Total Revenues	5,689,587	480,625	3,220	14,441,898
EXPENDITURES				
Current:				
Public Protection	5,772,500	338,554	-	10,509,014
Public Ways and Facilities	-	-	-	-
Education	-	-	-	3,019,379
Debt Service:				
Principal	-	-	1,285,000	1,454,975
Interest and Other Charges	-	-	318,838	339,809
Total Expenditures	5,772,500	338,554	1,603,838	15,323,177
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(82,913)	142,071	(1,600,618)	(881,279)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	1,634,202	2,074,267
Transfers Out	-	-	-	(236,517)
Total Other Financing Sources (Uses)	-	-	1,634,202	1,837,750
NET CHANGE IN FUND BALANCES	(82,913)	142,071	33,584	956,471
Fund Balances - Beginning of Year, Restated	(295,358)	632,494	(39,761)	3,802,605
FUND BALANCES - END OF YEAR	\$ (378,271)	\$ 774,565	\$ (6,177)	\$ 4,759,076

INTERNAL SERVICE FUNDS

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**COUNTY OF HUMBOLDT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2018**

	Heavy Equipment	Information Technology	Central Services	Communications
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 1,422,906	\$ 770,139	\$ 215,666	\$ 129,346
Accounts Receivable	2,901	-	-	-
Due from Other Funds	-	-	-	-
Inventory	-	-	-	-
Prepaid Expenses	-	-	-	2,500
Total Current Assets	<u>1,425,807</u>	<u>770,139</u>	<u>215,666</u>	<u>131,846</u>
Noncurrent Assets:				
Capital Assets:				
Nondepreciable	-	-	-	-
Depreciable, Net of Depreciation	<u>2,394,837</u>	<u>747,247</u>	<u>11,517</u>	<u>396,562</u>
Total Noncurrent Assets	<u>2,394,837</u>	<u>747,247</u>	<u>11,517</u>	<u>396,562</u>
Total Assets	<u>3,820,644</u>	<u>1,517,386</u>	<u>227,183</u>	<u>528,408</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	119,759	127,534	7,419	8,643
Accrued Payroll and Benefits	25,122	57,257	8,756	2,905
Due to Other Funds	-	-	-	-
Other Liabilities	-	-	-	-
Unearned Revenue	-	-	-	-
Compensated Absences	32,218	76,139	9,115	1,933
Provision for Estimated Claims	-	-	-	-
Total Current Liabilities	<u>177,099</u>	<u>260,930</u>	<u>25,290</u>	<u>13,481</u>
Long-Term Liabilities:				
Compensated Absences	-	-	10,926	167
Total Liabilities	<u>177,099</u>	<u>260,930</u>	<u>36,216</u>	<u>13,648</u>
NET POSITION				
Net Investment in Capital Assets	2,394,837	747,247	11,517	396,562
Unrestricted	<u>1,248,708</u>	<u>509,209</u>	<u>179,450</u>	<u>118,198</u>
Total Net Position	<u>\$ 3,643,545</u>	<u>\$ 1,256,456</u>	<u>\$ 190,967</u>	<u>\$ 514,760</u>

**COUNTY OF HUMBOLDT
COMBINING STATEMENT OF NET POSITION (CONTINUED)
INTERNAL SERVICE FUNDS
JUNE 30, 2018**

	Motor Pool	ADA Compliance	Insurance Funds	Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 3,636,949	\$ 1,010,866	\$ 9,121,151	\$ 16,307,023
Accounts Receivable	6,636	-	-	9,537
Due from Other Funds	617,130	-	269	617,399
Inventory	-	-	-	-
Prepaid Expenses	-	-	61,873	64,373
Total Current Assets	<u>4,260,715</u>	<u>1,010,866</u>	<u>9,183,293</u>	<u>16,998,332</u>
Noncurrent Assets:				
Capital Assets:				
Nondepreciable	-	241,422	-	241,422
Depreciable, Net of Depreciation	6,578,249	9,318	-	10,137,730
Total Noncurrent Assets	<u>6,578,249</u>	<u>250,740</u>	<u>-</u>	<u>10,379,152</u>
Total Assets	<u>10,838,964</u>	<u>1,261,606</u>	<u>9,183,293</u>	<u>27,377,484</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	282,685	300,007	142,494	988,541
Accrued Payroll and Benefits	14,536	9,082	24,531	142,189
Due to Other Funds	-	-	-	-
Other Liabilities	-	-	-	-
Unearned Revenue	-	-	-	-
Compensated Absences	33,263	27,072	53,402	233,142
Provision for Estimated Claims	-	-	2,375,628	2,375,628
Total Current Liabilities	<u>330,484</u>	<u>336,161</u>	<u>2,596,055</u>	<u>3,739,500</u>
Long-Term Liabilities:				
Compensated Absences	736	71,110	-	82,939
Total Liabilities	<u>331,220</u>	<u>407,271</u>	<u>2,596,055</u>	<u>3,822,439</u>
NET POSITION				
Net Investment in Capital Assets	6,578,249	250,740	-	10,379,152
Unrestricted	3,929,495	603,595	6,587,238	13,175,893
Total Net Position	<u>\$ 10,507,744</u>	<u>\$ 854,335</u>	<u>\$ 6,587,238</u>	<u>\$ 23,555,045</u>

**COUNTY OF HUMBOLDT
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2018**

	Heavy Equipment	Information Technology	Central Services	Communications
OPERATING REVENUES				
Charges for Services	\$ 2,287,129	\$ 3,424,790	\$ 301,898	\$ 121,374
Miscellaneous Revenues	126,882	10,419	40,998	62,532
Total Operating Revenues	<u>2,414,011</u>	<u>3,435,209</u>	<u>342,896</u>	<u>183,906</u>
OPERATING EXPENSES				
Salaries and Benefits	965,317	1,511,448	253,195	62,851
Services and Supplies	1,585,876	1,832,253	64,293	89,882
Self-Insurance Claims	-	-	-	-
Depreciation	403,160	225,447	4,548	63,078
Total Operating Expenses	<u>2,954,353</u>	<u>3,569,148</u>	<u>322,036</u>	<u>215,811</u>
NET OPERATING INCOME (LOSS)	<u>(540,342)</u>	<u>(133,939)</u>	<u>20,860</u>	<u>(31,905)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest Income	19,603	-	-	-
Gain on sale of capital assets	-	-	-	-
Total Nonoperating Revenues (Expenses)	<u>19,603</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (Loss) Before Transfers	(520,739)	(133,939)	20,860	(31,905)
Capital Contributions	-	-	-	-
Transfers In	-	-	-	-
CHANGE IN NET POSITION	(520,739)	(133,939)	20,860	(31,905)
Net Position - Beginning of Year, as Restated	<u>4,164,284</u>	<u>1,390,395</u>	<u>170,107</u>	<u>546,665</u>
NET POSITION - END OF YEAR	<u>\$ 3,643,545</u>	<u>\$ 1,256,456</u>	<u>\$ 190,967</u>	<u>\$ 514,760</u>

**COUNTY OF HUMBOLDT
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION (CONTINUED)
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2018**

	Motor Pool	ADA Compliance	Insurance Funds	Total
OPERATING REVENUES				
Charges for Services	\$ 1,801,511	\$ 238,002	\$ 31,975,299	\$ 40,150,003
Miscellaneous Revenues	1,188,503	-	9,827	1,439,161
Total Operating Revenues	<u>2,990,014</u>	<u>238,002</u>	<u>31,985,126</u>	<u>41,589,164</u>
OPERATING EXPENSES				
Salaries and Benefits	508,521	347,118	517,516	4,165,966
Services and Supplies	1,254,244	1,835,655	29,485,135	36,147,338
Self-Insurance Claims	-	-	1,936,499	1,936,499
Depreciation	1,013,939	6,954	878	1,718,004
Total Operating Expenses	<u>2,776,704</u>	<u>2,189,727</u>	<u>31,940,028</u>	<u>43,967,807</u>
NET OPERATING INCOME (LOSS)	<u>213,310</u>	<u>(1,951,725)</u>	<u>45,098</u>	<u>(2,378,643)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest Income	62,441	(5,139)	109,336	186,241
Gain on sale of capital assets	-	-	-	-
Total Nonoperating Revenues (Expenses)	<u>62,441</u>	<u>(5,139)</u>	<u>109,336</u>	<u>186,241</u>
Income (Loss) Before Transfers	275,751	(1,956,864)	154,434	(2,192,402)
Capital Contributions	-	-	-	-
Transfers In	-	2,811,199	-	2,811,199
CHANGE IN NET POSITION	275,751	854,335	154,434	618,797
Net Position - Beginning of Year, as Restated	<u>10,231,993</u>	<u>-</u>	<u>6,432,804</u>	<u>22,936,248</u>
NET POSITION - END OF YEAR	<u>\$ 10,507,744</u>	<u>\$ 854,335</u>	<u>\$ 6,587,238</u>	<u>\$ 23,555,045</u>

**COUNTY OF HUMBOLDT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2018**

	<u>Heavy Equipment</u>	<u>Information Technology</u>	<u>Central Services</u>	<u>Communications</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Receipts from Interfund Services Provided	\$ 2,411,373	\$ 3,435,209	\$ 342,896	\$ 183,906
Cash Paid to Suppliers for Goods and Services	(1,263,623)	(1,735,300)	(58,352)	(86,661)
Cash Paid to Employees	(1,044,605)	(1,602,455)	(244,967)	(60,556)
Net Cash Provided (Used) by Operating Activities	<u>103,145</u>	<u>97,454</u>	<u>39,577</u>	<u>36,689</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other Funds	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of Capital Assets	(239,923)	(308,449)	-	(25,226)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(239,923)</u>	<u>(308,449)</u>	<u>-</u>	<u>(25,226)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received (Paid)	<u>19,603</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(117,175)	(210,995)	39,577	11,463
Cash and Cash Equivalents - Beginning of Year	<u>1,540,081</u>	<u>981,134</u>	<u>176,089</u>	<u>117,883</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,422,906</u>	<u>\$ 770,139</u>	<u>\$ 215,666</u>	<u>\$ 129,346</u>

**COUNTY OF HUMBOLDT
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2018**

	<u>Motor Pool</u>	<u>ADA Compliance</u>	<u>Insurance Funds</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Receipts from Interfund Services Provided	\$ 2,983,427	\$ 238,002	\$ 32,014,263	\$ 41,609,076
Cash Paid to Suppliers for Goods and Services	(1,029,799)	(1,535,648)	(30,484,650)	(36,194,033)
Cash Paid to Employees	(510,652)	(239,854)	(482,504)	(4,185,593)
Net Cash Provided (Used) by Operating Activities	<u>1,442,976</u>	<u>(1,537,500)</u>	<u>1,047,109</u>	<u>1,229,450</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other Funds	(274,812)	2,811,199	-	2,536,387
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(274,812)</u>	<u>2,811,199</u>	<u>-</u>	<u>2,536,387</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of Capital Assets	(2,002,771)	(257,694)	-	(2,834,063)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(2,002,771)</u>	<u>(257,694)</u>	<u>-</u>	<u>(2,834,063)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received (Paid)	62,441	(5,139)	109,336	186,241
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(772,166)	1,010,866	1,156,445	1,118,015
Cash and Cash Equivalents - Beginning of Year	<u>4,409,115</u>	<u>-</u>	<u>7,964,706</u>	<u>15,189,008</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,636,949</u>	<u>\$ 1,010,866</u>	<u>\$ 9,121,151</u>	<u>\$ 16,307,023</u>

**COUNTY OF HUMBOLDT
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2018**

	<u>Heavy Equipment</u>	<u>Information Technology</u>	<u>Central Services</u>	<u>Communications</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (540,342)	\$ (133,939)	\$ 20,860	\$ (31,905)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	403,160	225,447	4,548	63,078
Changes in Assets and Liabilities:				
(Increase) Decrease in:				
Receivables	(2,638)	-	-	-
Inventory	261,101	-	-	-
Prepaid Expenses	-	-	-	(2,500)
Increase (decrease) in:				
Payables	61,152	96,953	5,941	5,721
Accrued Salaries and Benefits	(4,214)	2,144	1,483	195
Compensated Absences	(75,074)	(93,151)	6,745	2,100
Claims Payable	-	-	-	-
Unearned Revenue	-	-	-	-
Other Liabilities	-	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 103,145</u>	<u>\$ 97,454</u>	<u>\$ 39,577</u>	<u>\$ 36,689</u>

**COUNTY OF HUMBOLDT
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2018**

	<u>Motor Pool</u>	<u>ADA Compliance</u>	<u>Insurance Funds</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 213,310	\$ (1,951,725)	\$ 45,098	\$ (2,378,643)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	1,013,939	6,954	878	1,718,004
Changes in Assets and Liabilities:				
(Increase) Decrease in:				
Receivables	(6,587)	-	(269)	(9,494)
Inventory	66,890	-	-	327,991
Prepaid Expenses	-	-	1,729,638	1,727,138
Increase (decrease) in:				
Payables	157,555	300,007	(329,442)	297,887
Accrued Salaries and Benefits	(523)	9,082	10,031	18,198
Compensated Absences	(1,608)	98,182	24,981	(37,825)
Claims Payable	-	-	87,863	87,863
Unearned Revenue	-	-	-	-
Other Liabilities	-	-	(521,669)	(521,669)
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,442,976</u>	<u>\$ (1,537,500)</u>	<u>\$ 1,047,109</u>	<u>\$ 1,229,450</u>

INSURANCE FUNDS

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**COUNTY OF HUMBOLDT
COMBINING STATEMENT OF NET POSITION
INSURANCE FUNDS
JUNE 30, 2018**

	Dental	County Insurance	Workers' Compensation
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 740,007	\$ 645,664	\$ 1,961,693
Accounts Receivable	251	-	-
Due from Other Funds	-	-	-
Prepaid Expenses	28,000	-	-
Total Current Assets	768,258	645,664	1,961,693
Noncurrent Assets:			
Capital Assets, Net of Depreciation	-	-	-
Total Assets	768,258	645,664	1,961,693
LIABILITIES			
Current Liabilities:			
Accounts Payable	27,415	1,095	200
Accrued Payroll and Benefits	-	24,531	-
Due to Other Funds	-	-	-
Other Liabilities	-	-	-
Unearned Revenue	-	-	-
Liability for Compensated Absences	-	53,402	-
Provision for Estimated Claims	127,255	-	-
Total Current Liabilities	154,670	79,028	200
Total Liabilities	154,670	79,028	200
NET POSITION			
Net Investment in Capital Assets	-	-	-
Unrestricted	613,588	566,636	1,961,493
Total Net Position	\$ 613,588	\$ 566,636	\$ 1,961,493

**COUNTY OF HUMBOLDT
COMBINING STATEMENT OF NET POSITION (CONTINUED)
INSURANCE FUNDS
JUNE 30, 2018**

	<u>Liability</u>	<u>Medical</u>	<u>Unemployment</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 2,686,671	\$ 1,612,665	\$ 1,152,925
Accounts Receivable	-	-	-
Due from Other Funds	-	-	-
Prepaid Expenses	-	-	-
Total Current Assets	2,686,671	1,612,665	1,152,925
Noncurrent Assets:			
Capital Assets, Net of Depreciation	-	-	-
Total Assets	2,686,671	1,612,665	1,152,925
LIABILITIES			
Current Liabilities:			
Accounts Payable	109,447	-	-
Accrued Payroll and Benefits	-	-	-
Due to Other Funds	-	-	-
Other Liabilities	-	-	-
Unearned Revenue	-	-	-
Liability for Compensated Absences	-	-	-
Provision for Estimated Claims	2,179,000	-	69,373
Total Current Liabilities	2,288,447	-	69,373
Total Liabilities	2,288,447	-	69,373
NET POSITION			
Net Investment in Capital Assets	-	-	-
Unrestricted	398,224	1,612,665	1,083,552
Total Net Position	\$ 398,224	\$ 1,612,665	\$ 1,083,552

**COUNTY OF HUMBOLDT
COMBINING STATEMENT OF NET POSITION (CONTINUED)
INSURANCE FUNDS
JUNE 30, 2018**

	Purchased Insurance Premium	Employee Benefits	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 213,472	\$ 108,054	\$ 9,121,151
Accounts Receivable	-	18	269
Due from Other Funds	-	-	-
Prepaid Expenses	33,873	-	61,873
Total Current Assets	247,345	108,072	9,183,293
Noncurrent Assets:			
Capital Assets, Net of Depreciation	-	-	-
Total Assets	247,345	108,072	9,183,293
LIABILITIES			
Current Liabilities:			
Accounts Payable	4,337	-	142,494
Accrued Payroll and Benefits	-	-	24,531
Due to Other Funds	-	-	-
Other Liabilities	-	-	-
Unearned Revenue	-	-	-
Liability for Compensated Absences	-	-	53,402
Provision for Estimated Claims	-	-	2,375,628
Total Current Liabilities	4,337	-	2,596,055
Total Liabilities	4,337	-	2,596,055
NET POSITION			
Net Investment in Capital Assets	-	-	-
Unrestricted	243,008	108,072	6,587,238
Total Net Position	\$ 243,008	\$ 108,072	\$ 6,587,238

**COUNTY OF HUMBOLDT
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INSURANCE FUNDS
YEAR ENDED JUNE 30, 2018**

	<u>Dental</u>	<u>County Insurance</u>	<u>Workers' Compensation</u>
OPERATING REVENUES			
Charges for Services	\$ 1,496,813	\$ 581,915	\$ 5,185,930
Miscellaneous Revenues	-	1,528	7,806
Total Operating Revenues	<u>1,496,813</u>	<u>583,443</u>	<u>5,193,736</u>
OPERATING EXPENSES			
Salaries and Benefits	-	517,516	-
Services and Supplies	157,935	(122,325)	5,620,366
Self-Insurance Claims	1,327,011	-	-
Depreciation	-	878	-
Total Operating Expenses	<u>1,484,946</u>	<u>396,069</u>	<u>5,620,366</u>
NET OPERATING INCOME (LOSS)	11,867	187,374	(426,630)
NONOPERATING REVENUES (EXPENSES)			
Interest Income	<u>10,945</u>	<u>6,981</u>	<u>19,200</u>
Income (Loss) Before Transfers	22,812	194,355	(407,430)
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	22,812	194,355	(407,430)
Net Position - Beginning of Year, as Restated	<u>590,776</u>	<u>372,281</u>	<u>2,368,923</u>
NET POSITION - END OF YEAR	<u>\$ 613,588</u>	<u>\$ 566,636</u>	<u>\$ 1,961,493</u>

**COUNTY OF HUMBOLDT
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION (CONTINUED)
INSURANCE FUNDS
YEAR ENDED JUNE 30, 2018**

	<u>Liability</u>	<u>Medical</u>	<u>Unemployment</u>
OPERATING REVENUES			
Charges for Services	\$ 2,869,907	\$ 20,462,431	\$ 215,411
Miscellaneous Revenues	416	-	-
Total Operating Revenues	<u>2,870,323</u>	<u>20,462,431</u>	<u>215,411</u>
OPERATING EXPENSES			
Salaries and Benefits	-	-	-
Services and Supplies	2,572,971	20,242,099	48,392
Self-Insurance Claims	541,256	-	68,232
Depreciation	-	-	-
Total Operating Expenses	<u>3,114,227</u>	<u>20,242,099</u>	<u>116,624</u>
NET OPERATING INCOME (LOSS)	(243,904)	220,332	98,787
NONOPERATING REVENUES (EXPENSES)			
Interest Income	<u>42,141</u>	<u>13,227</u>	<u>14,835</u>
Income (Loss) Before Transfers	(201,763)	233,559	113,622
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	(201,763)	233,559	113,622
Net Position - Beginning of Year, as Restated	<u>599,987</u>	<u>1,379,106</u>	<u>969,930</u>
NET POSITION - END OF YEAR	<u>\$ 398,224</u>	<u>\$ 1,612,665</u>	<u>\$ 1,083,552</u>

**COUNTY OF HUMBOLDT
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION (CONTINUED)
INSURANCE FUNDS
YEAR ENDED JUNE 30, 2018**

	Purchased Insurance Premium	Insurance Benefits	Total
OPERATING REVENUES			
Charges for Services	\$ 736,408	\$ 426,484	\$ 31,975,299
Miscellaneous Revenues	-	77	9,827
Total Operating Revenues	<u>736,408</u>	<u>426,561</u>	<u>31,985,126</u>
OPERATING EXPENSES			
Salaries and Benefits	-	-	517,516
Services and Supplies	555,875	409,822	29,485,135
Self-Insurance Claims	-	-	1,936,499
Depreciation	-	-	878
Total Operating Expenses	<u>555,875</u>	<u>409,822</u>	<u>31,940,028</u>
NET OPERATING INCOME (LOSS)	180,533	16,739	45,098
NONOPERATING REVENUES (EXPENSES)			
Interest Income	<u>1,272</u>	<u>735</u>	<u>109,336</u>
Income (Loss) Before Transfers	181,805	17,474	154,434
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	181,805	17,474	154,434
Net Position - Beginning of Year, as Restated	<u>61,203</u>	<u>90,598</u>	<u>6,432,804</u>
NET POSITION - END OF YEAR	<u>\$ 243,008</u>	<u>\$ 108,072</u>	<u>\$ 6,587,238</u>

**COUNTY OF HUMBOLDT
COMBINING STATEMENT OF CASH FLOWS
INSURANCE FUNDS
YEAR ENDED JUNE 30, 2018**

	<u>Dental</u>	<u>County Insurance</u>	<u>Workers' Compensation</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts from Interfund Services Provided	\$ 1,496,562	\$ 612,849	\$ 5,193,736
Cash Paid to Suppliers for Goods and Services	(1,478,031)	112,103	(5,620,166)
Cash Paid to Employees	-	(482,504)	-
Net Cash Provided (Used) by Operating Activities	<u>18,531</u>	<u>242,448</u>	<u>(426,430)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from (to) other funds	-	-	-
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received (Paid)	<u>10,945</u>	<u>6,981</u>	<u>19,200</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	29,476	249,429	(407,230)
Cash and Cash Equivalents - Beginning of Year	<u>710,531</u>	<u>396,235</u>	<u>2,368,923</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 740,007</u></u>	<u><u>\$ 645,664</u></u>	<u><u>\$ 1,961,693</u></u>

**COUNTY OF HUMBOLDT
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
INSURANCE FUNDS
YEAR ENDED JUNE 30, 2018**

	<u>Liability</u>	<u>Medical</u>	<u>Unemployment</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts from Interfund Services Provided	\$ 2,870,323	\$ 20,462,431	\$ 215,411
Cash Paid to Suppliers for Goods and Services	(3,702,951)	(18,553,967)	(169,974)
Cash Paid to Employees	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>(832,628)</u>	<u>1,908,464</u>	<u>45,437</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from (to) other funds	-	(309,026)	309,026
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>(309,026)</u>	<u>309,026</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received (Paid)	<u>42,141</u>	<u>13,227</u>	<u>14,835</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(790,487)	1,612,665	369,298
Cash and Cash Equivalents - Beginning of Year	<u>3,477,158</u>	<u>-</u>	<u>783,627</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 2,686,671</u></u>	<u><u>\$ 1,612,665</u></u>	<u><u>\$ 1,152,925</u></u>

**COUNTY OF HUMBOLDT
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
INSURANCE FUNDS
YEAR ENDED JUNE 30, 2018**

	Purchased Insurance Premium	Employee Benefits	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts from Interfund Services Provided	\$ 736,408	\$ 426,543	\$ 32,014,263
Cash Paid to Suppliers for Goods and Services	(661,842)	(409,822)	(30,484,650)
Cash Paid to Employees	-	-	(482,504)
Net Cash Provided (Used) by Operating Activities	<u>74,566</u>	<u>16,721</u>	<u>1,047,109</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from (to) other funds	-	-	-
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received (Paid)	<u>1,272</u>	<u>735</u>	<u>109,336</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	75,838	17,456	1,156,445
Cash and Cash Equivalents - Beginning of Year	<u>137,634</u>	<u>90,598</u>	<u>7,964,706</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 213,472</u></u>	<u><u>\$ 108,054</u></u>	<u><u>\$ 9,121,151</u></u>

**COUNTY OF HUMBOLDT
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
INSURANCE FUNDS
YEAR ENDED JUNE 30, 2018**

	Dental	County Insurance	Workers' Compensation
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 11,867	\$ 187,374	\$ (426,630)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	-	878	-
Changes in Assets and Liabilities:			
(Increase) Decrease in:			
Accounts Receivable	(251)	-	-
Prepaid Expenses	-	29,406	-
Increase (Decrease) in:			
Payables	4,974	(10,222)	200
Accrued Salaries and Benefits	-	10,031	-
Liability for Compensated Absences	-	24,981	-
Claims Payable	1,941	-	-
Unearned Revenue	-	-	-
Other Liabilities	-	-	-
Net Cash Provided (Used) by Operating Activities	\$ 18,531	\$ 242,448	\$ (426,430)

**COUNTY OF HUMBOLDT
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
INSURANCE FUNDS
YEAR ENDED JUNE 30, 2018**

	<u>Liability</u>	<u>Medical</u>	<u>Unemployment</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (243,904)	\$ 220,332	\$ 98,787
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	-	-	-
Changes in Assets and Liabilities:			
(Increase) Decrease in:			
Accounts Receivable	-	-	-
Prepaid Expenses	12,100	1,688,132	-
Increase (Decrease) in:			
Payables	(319,824)	-	-
Accrued Salaries and Benefits	-	-	-
Liability for Compensated Absences	-	-	-
Claims Payable	91,000	-	(5,078)
Unearned Revenue	-	-	-
Other Liabilities	(372,000)	-	(48,272)
Net Cash Provided (Used) by Operating Activities	<u>\$ (832,628)</u>	<u>\$ 1,908,464</u>	<u>\$ 45,437</u>

**COUNTY OF HUMBOLDT
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
INSURANCE FUNDS
YEAR ENDED JUNE 30, 2018**

	Purchased Insurance Premium	Employee Benefits	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 180,533	\$ 16,739	\$ 45,098
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	-	-	878
Changes in Assets and Liabilities:			
(Increase) Decrease in:			
Accounts Receivable	-	(18)	(269)
Prepaid Expenses	-	-	1,729,638
Increase (Decrease) in:			
Payables	(4,570)	-	(329,442)
Accrued Salaries and Benefits	-	-	10,031
Liability for Compensated Absences	-	-	24,981
Claims Payable	-	-	87,863
Unearned Revenue	-	-	-
Other Liabilities	(101,397)	-	(521,669)
Net Cash Provided (Used) by Operating Activities	\$ 74,566	\$ 16,721	\$ 1,047,109