

**COUNTY OF HUMBOLDT  
FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**



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## **INTRODUCTORY SECTION**

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**COUNTY OF HUMBOLDT  
DIRECTORY OF PUBLIC OFFICIALS  
JUNE 30, 2019**

**BOARD OF SUPERVISORS  
(as of June 30, 2019)**

| <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, 2019, 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, 2019, 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, 2019, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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.

Honorable Board of Supervisors  
County of Humboldt

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2020 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  
September 25, 2020

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**COUNTY OF HUMBOLDT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

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, 2019. 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 fiscal year ended June 30, 2019 by \$204.9 million (*net position*). Net position of \$136.4 million are restricted for specific purposes (*restricted net position*), and \$331.4 million represents net investment in capital assets. Unrestricted net position was a negative \$262.9 million, primarily due to the County's long-term net pension and OPEB liabilities. The government's total net position decreased by \$4.8 million in comparison with the prior year.
- The County's net investment in capital assets, increased by \$1.9 million.
- The County's governmental funds reported combined fund balances of \$121.4 million, a decrease of \$8.5 million in comparison with the prior year. The unassigned portion of those fund balances was \$492,918.

**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, 2019**

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, 2019**

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 seven internal service funds to account for its heavy equipment, information technology, central services, communications, motor pool, ADA compliance and insurance 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. The County does not adopt a formal budget for the Headwaters Mitigation Fund.

**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, 2019**

**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 \$204.9 million at the close of the most recent fiscal year. Of this combined net position, \$331.4 million reflects the County's net investment in capital assets. Another \$136.4 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 2019                 | FY 2018        | FY 2019                  | FY 2018       | FY 2019          | FY 2018        |
| Current and Other Assets         | \$ 188,379,355          | \$ 170,396,424 | \$ 1,137,530             | \$ 680,850    | \$ 189,516,885   | \$ 171,077,274 |
| Capital Assets                   | 308,172,071             | 308,005,727    | 34,496,598               | 32,156,974    | 342,668,669      | 340,162,701    |
| Total Assets                     | 496,551,426             | 478,402,151    | 35,634,128               | 32,837,824    | 532,185,554      | 511,239,975    |
| Deferred Outflows of Resources:  |                         |                |                          |               |                  |                |
| Deferred Pension                 | 58,832,257              | 66,354,680     | 252,765                  | 299,672       | 59,085,022       | 66,654,352     |
| Deferred OPEB                    | 1,892,005               | 1,801,850      | -                        | -             | 1,892,005        | 1,801,850      |
| Total Deferred Outflows          | 60,724,262              | 68,156,530     | 252,765                  | 299,672       | 60,977,027       | 68,456,202     |
| Current Liabilities              | 22,641,641              | 20,727,956     | 774,120                  | 693,497       | 23,415,761       | 21,421,453     |
| Long-Term Liabilities            | 354,848,801             | 335,997,937    | 1,349,142                | 1,360,892     | 356,197,943      | 337,358,829    |
| Total Liabilities                | 377,490,442             | 356,725,893    | 2,123,262                | 2,054,389     | 379,613,704      | 358,780,282    |
| Deferred Inflows of Resources:   |                         |                |                          |               |                  |                |
| Deferred Pension                 | 8,201,957               | 11,178,311     | 33,292                   | 42,231        | 8,235,249        | 11,220,542     |
| Deferred OPEB                    | 409,677                 | -              | -                        | -             | 409,677          | -              |
| Total Deferred Inflows           | 8,611,634               | 11,178,311     | 33,292                   | 42,231        | 8,644,926        | 11,220,542     |
| Net Investment in Capital Assets | 297,516,598             | 297,390,727    | 33,901,126               | 32,156,974    | 331,417,724      | 329,547,701    |
| Restricted                       | 136,391,455             | 103,251,592    | -                        | -             | 136,391,455      | 103,251,592    |
| Unrestricted                     | (262,734,441)           | (221,987,842)  | (170,787)                | (1,116,098)   | (262,905,228)    | (223,103,940)  |
| Total Net Position               | \$ 171,173,612          | \$ 178,654,477 | \$ 33,730,339            | \$ 31,040,876 | \$ 204,903,951   | \$ 209,695,353 |

A significant portion of the County's net position, \$331.4 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, \$136.4 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 \$262.7 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, 2019**

The County's net position, as adjusted for these pension liabilities, decreased by \$4.8 million during the current fiscal year.

**The County's Changes in Net Position**

|   | Governmental Activities |                       | Business-Type Activities |                      | Total Activities      |                       |
|---|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
|   | FY 2019                 | FY 2018               | FY 2019                  | FY 2018              | FY 2019               | FY 2018               |
| <b>Revenues</b>   |                         |                       |                          |                      |                       |                       |
| Program Revenues:   |                         |                       |                          |                      |                       |                       |
| Fees, Fines, and Charges for Services                       | \$ 53,456,844           | \$ 50,363,535         | \$ 1,529,910             | \$ 1,869,463         | \$ 54,986,754         | \$ 52,232,998         |
| Operating Grants/Contributions                              | 226,590,208             | 202,040,364           | -                        | -                    | 226,590,208           | 202,040,364           |
| Capital Grants/Contributions                                | 6,460,145               | 8,890,562             | 4,049,540                | 2,471,419            | 10,509,685            | 11,361,981            |
| General Revenues:   |                         |                       |                          |                      |                       |                       |
| Property Taxes  | 30,894,382              | 29,216,970            | -                        | -                    | 30,894,382            | 29,216,970            |
| Sales Taxes   | 17,517,796              | 22,181,198            | -                        | -                    | 17,517,796            | 22,181,198            |
| Transient Occupancy Tax                                     | 2,194,426               | 2,024,834             | -                        | -                    | 2,194,426             | 2,024,834             |
| Property Taxes In Lieu of MVLF                              | 18,360,357              | 17,504,671            | -                        | -                    | 18,360,357            | 17,504,671            |
| Other Taxes   | 17,241,075              | 12,391,562            | -                        | -                    | 17,241,075            | 12,391,562            |
| Interest and Investment Income                              | 2,180,934               | 2,005,659             | 6,466                    | 8,082                | 2,187,400             | 2,013,741             |
| Other   | 3,313,495               | 6,163,864             | 879,298                  | 537,901              | 4,192,793             | 6,701,765             |
| <b>Total Revenues</b>                                       | <b>378,209,662</b>      | <b>352,783,219</b>    | <b>6,465,214</b>         | <b>4,886,865</b>     | <b>384,674,876</b>    | <b>357,670,084</b>    |
| <b>Expenses</b>   |                         |                       |                          |                      |                       |                       |
| General Government  | 21,135,665              | 21,917,784            | -                        | -                    | 21,135,665            | 21,917,784            |
| Public Protection   | 107,954,552             | 95,373,572            | -                        | -                    | 107,954,552           | 95,373,572            |
| Public Ways and Facilities                                  | 35,924,428              | 31,921,957            | -                        | -                    | 35,924,428            | 31,921,957            |
| Health and Sanitation                                       | 86,301,563              | 79,879,655            | -                        | -                    | 86,301,563            | 79,879,655            |
| Public Assistance   | 127,400,658             | 113,918,016           | -                        | -                    | 127,400,658           | 113,918,016           |
| Education   | 4,448,517               | 3,302,537             | -                        | -                    | 4,448,517             | 3,302,537             |
| Recreation and Cultural Services                            | 1,288,113               | 1,774,004             | -                        | -                    | 1,288,113             | 1,774,004             |
| Interest and Long-Term Debt                                 | 287,663                 | 333,459               | -                        | -                    | 287,663               | 333,459               |
| Aviation  | -                       | -                     | 4,725,119                | 4,802,413            | 4,725,119             | 4,802,413             |
| <b>Total Expenses</b>                                       | <b>384,741,159</b>      | <b>348,420,984</b>    | <b>4,725,119</b>         | <b>4,802,413</b>     | <b>389,466,278</b>    | <b>353,223,397</b>    |
| <b>Increase (Decrease) in Net Position Before Transfers</b> | <b>(6,531,497)</b>      | <b>4,362,235</b>      | <b>1,740,095</b>         | <b>84,452</b>        | <b>(4,791,402)</b>    | <b>4,446,687</b>      |
| Transfers   | (949,368)               | (5,669)               | 949,368                  | 5,669                | -                     | -                     |
| <b>Change in Net Position</b>                               | <b>(7,480,865)</b>      | <b>4,356,566</b>      | <b>2,689,463</b>         | <b>90,121</b>        | <b>(4,791,402)</b>    | <b>4,446,687</b>      |
| Net Position - Beginning, restated                          | 178,654,477             | 174,297,911           | 31,040,876               | 30,950,755           | 209,695,353           | 205,248,666           |
| <b>Net Position - Ending</b>                                | <b>\$ 171,173,612</b>   | <b>\$ 178,654,477</b> | <b>\$ 33,730,339</b>     | <b>\$ 31,040,876</b> | <b>\$ 204,903,951</b> | <b>\$ 209,695,353</b> |

**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, 2019**

At June 30, 2019, the County's governmental funds reported combined fund balances of \$121.4 million. Of these combined fund balances, \$492,918 constitutes unassigned fund balance of the General Fund, which is available to meet the County's current and future needs. The restricted fund balance, \$110.6 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 \$5.6 million and assigned fund balance of \$4.6 million which are described in the footnotes.

The General Fund is the chief operating fund of the County. At June 30, 2019, unassigned fund balance was \$1.6 million, while total fund balance was \$99.6 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 0.51% of total General Fund expenditures, while the total fund balance represents 32% of total General Fund expenditures.

The Headwaters Mitigation Fund has a total fund balance of \$17.6 million, all of which is restricted for economic development. The overall fund balance increased by \$118,385 during the current fiscal year.

The Road Fund has a total fund balance of \$166,887. The overall fund balance increased by \$693,621 during the current fiscal year due to total revenue exceeding project expenditures.

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 \$4.6 million in the General Fund.

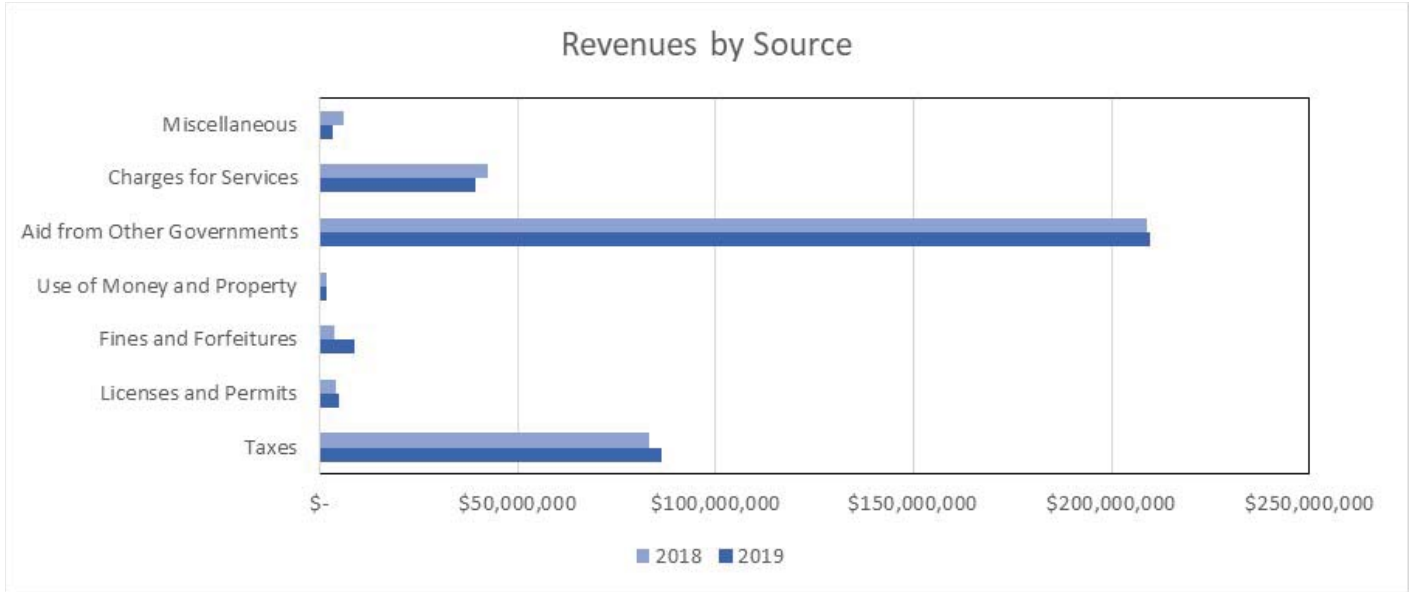
Fund balance of total governmental funds decreased by \$8.5 million in comparison with the prior year. The major governmental funds had changes in fund balance as follows: General Fund decreased by \$8.7 million, Headwaters Mitigation Fund increased by \$118,385 and Road Fund increased by \$693,621. The nonmajor governmental funds decreased by \$664,306.

**Revenues by Source  
Governmental Funds**

|                            | FY 2019               |                  | FY 2018               |                  | Increase (Decrease) |                   |
|----------------------------|-----------------------|------------------|-----------------------|------------------|---------------------|-------------------|
|                            | Amount                | Percent of Total | Amount                | Percent of Total | Amount              | Percent of Change |
| Taxes                      | \$ 86,208,036         | 24.32%           | \$ 83,319,235         | 23.76%           | \$ 2,888,801        | 0.03 %            |
| Licenses and Permits       | 4,851,360             | 1.37%            | 4,232,252             | 1.21%            | 619,108             | 0.15 %            |
| Fines and Forfeitures      | 9,043,949             | 2.55%            | 3,746,063             | 1.07%            | 5,297,886           | 1.41 %            |
| Use of Money and Property  | 1,942,100             | 0.55%            | 1,819,418             | 0.52%            | 122,682             | 0.07 %            |
| Aid from Other Governments | 209,776,260           | 59.18%           | 208,993,643           | 59.60%           | 782,617             | 0.00 %            |
| Charges for Services       | 39,394,341            | 11.11%           | 42,385,220            | 12.09%           | (2,990,879)         | (0.07)%           |
| Miscellaneous              | 3,272,812             | 0.92%            | 6,163,864             | 1.76%            | (2,891,052)         | (0.47)%           |
| Total Revenue by Source    | <u>\$ 354,488,858</u> | 100.00%          | <u>\$ 350,659,695</u> | 100.00%          | <u>\$ 3,829,163</u> | 0.01 %            |

**COUNTY OF HUMBOLDT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

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



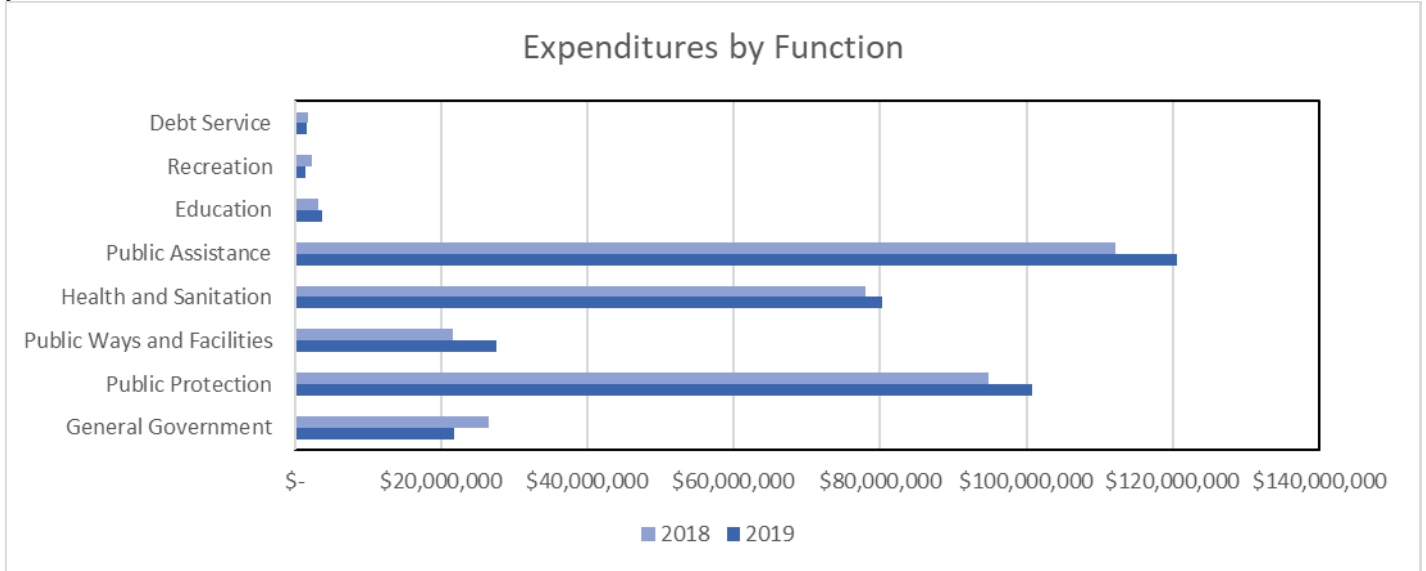
The following table presents expenditures by function compared to prior year amounts.

**Expenditures Classified by Function  
Governmental Funds**

|                            | FY 2019               |                  | FY 2018               |                  | Increase (Decrease)  |                   |
|----------------------------|-----------------------|------------------|-----------------------|------------------|----------------------|-------------------|
|                            | Amount                | Percent of Total | Amount                | Percent of Total | Amount               | Percent of Change |
| General Government         | \$ 21,813,747         | 6.09%            | \$ 26,482,333         | 7.78%            | \$ (4,668,586)       | -17.63%           |
| Public Protection          | 100,796,978           | 28.16%           | 94,822,609            | 27.85%           | 5,974,369            | 6.30%             |
| Public Ways and Facilities | 27,564,722            | 7.70%            | 21,597,825            | 6.34%            | 5,966,897            | 27.63%            |
| Health and Sanitation      | 80,241,787            | 22.42%           | 78,037,829            | 22.92%           | 2,203,958            | 2.82%             |
| Public Assistance          | 120,577,425           | 33.69%           | 112,197,827           | 32.96%           | 8,379,598            | 7.47%             |
| Education                  | 3,778,999             | 1.06%            | 3,193,264             | 0.94%            | 585,735              | 18.34%            |
| Recreation                 | 1,546,635             | 0.43%            | 2,328,382             | 0.68%            | (781,747)            | -33.57%           |
| Debt Service               | 1,623,538             | 0.45%            | 1,794,784             | 0.53%            | (171,246)            | -9.54%            |
| <b>Total by Function</b>   | <b>\$ 357,943,831</b> | <b>100.00%</b>   | <b>\$ 340,454,853</b> | <b>100.00%</b>   | <b>\$ 17,488,978</b> | <b>5.14%</b>      |

**COUNTY OF HUMBOLDT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

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 \$33.9 million. Unrestricted net position of the enterprise funds at fiscal year-end was a negative \$170 thousand. The net position of the enterprise funds increased by \$2.7 million 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 \$27.8 million and include \$11.9 million net invested in capital assets. The net position of the internal service funds increased \$4.2 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, 2019**

Differences between the General Fund's original budget and the final amended budget resulted in a \$9.2 increase in appropriations.

After adjustments, actual expenditures were \$85.9 million below final budgeted amounts. Revenues available for appropriation were \$99.9 million below final budget amounts.

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

| <b>Budgetary Comparison<br/>General Fund</b> |                       |                        |                       |         |
|--|-----------------------|------------------------|-----------------------|---------|
|  | Original              | Final                  | Net Change            |         |
|  | Budget                | Budget                 | Amount                | Percent |
| Total Revenues                               | \$372,549,227         | \$394,968,326          | \$ 22,419,099         | 5.68%   |
| Total Expenditures                           | (374,623,668)         | (396,187,975)          | (21,564,307)          | 5.44%   |
| Other Financing Sources (Uses)               | (3,441,084)           | (13,489,597)           | (10,048,513)          | 74.49%  |
| Net Change in Fund Balances                  | <u>\$ (5,515,525)</u> | <u>\$ (14,709,246)</u> | <u>\$ (9,193,721)</u> |         |

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

| <b>Budgetary Comparison<br/>General Fund</b> |                        |                        |                       |          |
|--|------------------------|------------------------|-----------------------|----------|
|  | Final                  | Actual                 | Net Change            |          |
|  | Budget                 | Amounts                | Amount                | Percent  |
| Total Revenues                               | \$394,968,326          | \$295,073,951          | \$(99,894,375)        | -33.85%  |
| Total Expenditures                           | (396,187,975)          | (310,242,500)          | 85,945,475            | -27.70%  |
| Other Financing Sources (Uses)               | (13,489,597)           | (5,977,335)            | 7,512,262             | -125.68% |
| Net Change in Fund Balances                  | <u>\$ (14,709,246)</u> | <u>\$ (21,145,884)</u> | <u>\$ (6,436,638)</u> |          |

**CAPITAL ASSETS**

The County's investment in capital assets for its governmental and business type activities as of June 30, 2019, amounted to \$342.7 million (net of accumulated depreciation). This investment in capital assets includes land, structures and improvements, leasehold improvements, equipment, and infrastructure (roads and bridges).



**COUNTY OF HUMBOLDT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

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          |                |
|--------------------------------|-------------------------|----------------|--------------------------|---------------|----------------|----------------|
|                                | 2019                    | 2018           | 2019                     | 2018          | 2019           | 2018           |
| Land                           | \$ 10,697,856           | \$ 10,697,856  | \$ 1,976,177             | \$ 1,976,177  | \$ 12,674,033  | \$ 12,674,033  |
| Construction In Progress       | 34,568,534              | 23,266,111     | 7,880,659                | 3,738,969     | 42,449,193     | 27,005,080     |
| Structures and Improvements    | 105,754,182             | 105,242,320    | 53,503,814               | 53,503,814    | 159,257,996    | 158,746,134    |
| Equipment                      | 42,344,128              | 40,849,483     | 336,917                  | 323,799       | 42,681,045     | 41,173,282     |
| Infrastructure                 | 619,920,310             | 616,208,218    | -                        | -             | 619,920,310    | 616,208,218    |
| Total                          | 813,285,010             | 796,263,988    | 63,697,567               | 59,542,759    | 876,982,577    | 855,806,747    |
| Less: Accumulated Depreciation | (505,112,939)           | (488,258,261)  | (29,200,969)             | (27,385,785)  | (534,313,908)  | (515,644,046)  |
| Net Capital Assets             | \$ 308,172,071          | \$ 308,005,727 | \$ 34,496,598            | \$ 32,156,974 | \$ 342,668,669 | \$ 340,162,701 |

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 \$10.7 million. The entire amount is comprised mostly 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        |               |
|-------------------------------|-------------------------|---------------|--------------------------|------|--------------|---------------|
|                               | 2019                    | 2018          | 2019                     | 2018 | 2019         | 2018          |
| Certificates of Participation | \$ 9,285,000            | \$ 10,615,000 | \$ -                     | \$ - | \$ 9,285,000 | \$ 10,615,000 |
| Capital Lease Obligations     | 1,370,473               | -             | -                        | -    | 1,370,473    | -             |
| Total Long-Term Debt          | 10,655,473              | 10,615,000    | -                        | -    | 10,655,473   | 10,615,000    |
| Less: Current Portion         | (1,656,492)             | (1,330,000)   | -                        | -    | (1,656,492)  | (1,330,000)   |
| Net Long-Term Debt            | \$ 8,998,981            | \$ 9,285,000  | \$ -                     | \$ - | \$ 8,998,981 | \$ 9,285,000  |

During the year ended June 30, 2019 outstanding debt was decreased by \$286,019.

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.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The County's fiscal year 2019-20 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.

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

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**COUNTY OF HUMBOLDT  
STATEMENT OF NET POSITION  
JUNE 30, 2019**

|   | Primary Government         |                             |                       |
|---|----------------------------|-----------------------------|-----------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities | Totals                |
| <b>ASSETS</b>                           |                            |                             |                       |
| Cash and Investments                    | \$ 115,048,144             | \$ 340                      | \$ 115,048,484        |
| Restricted Cash and Investments         |                            |                             |                       |
| Cash with Fiscal Agent                  | 5,585,600                  | -                           | 5,585,600             |
| Receivables, Net                        | 39,990,686                 | 1,624,374                   | 41,615,060            |
| Inventory                               | -                          | 102,978                     | 102,978               |
| Deposits and Other Assets               | 206,702                    | 1,500                       | 208,202               |
| Loan Receivable                         | 26,956,561                 | -                           | 26,956,561            |
| Internal Balances                       | 591,662                    | (591,662)                   | -                     |
| Capital Assets:                         |                            |                             |                       |
| Nondepreciable                          | 45,266,390                 | 9,856,836                   | 55,123,226            |
| Depreciable, Net                        | 262,905,681                | 24,639,762                  | 287,545,443           |
| Total Assets                            | <u>496,551,426</u>         | <u>35,634,128</u>           | <u>532,185,554</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>   |                            |                             |                       |
| Deferred Pension                        | 58,832,257                 | 252,765                     | 59,085,022            |
| Deferred OPEB                           | 1,892,005                  | -                           | 1,892,005             |
|   | <u>60,724,262</u>          | <u>252,765</u>              | <u>60,977,027</u>     |
| <b>LIABILITIES</b>                      |                            |                             |                       |
| Accounts Payable                        | 15,841,963                 | 735,560                     | 16,577,523            |
| Accrued Salaries and Benefits           | 6,758,891                  | 38,560                      | 6,797,451             |
| Interest Payable                        | 40,787                     | -                           | 40,787                |
| Long-Term Liabilities:                  |                            |                             |                       |
| Portion Due or Payable Within One Year: |                            |                             |                       |
| Certificates of Participation           | 1,365,000                  | -                           | 1,365,000             |
| Capital Leases                          | 291,492                    | -                           | 291,492               |
| Compensated Absences                    | 11,376,010                 | 48,038                      | 11,424,048            |
| Claims Liability                        | 2,087,587                  | -                           | 2,087,587             |
| Portion Due or Payable After One Year:  |                            |                             |                       |
| Certificates of Participation           | 7,920,000                  | -                           | 7,920,000             |
| Capital Leases                          | 1,078,981                  | -                           | 1,078,981             |
| Compensated Absences                    | 3,773,920                  | 62,890                      | 3,836,810             |
| Net OPEB Liability - Current            | 1,892,005                  | -                           | 1,892,005             |
| Net OPEB Liability - Noncurrent         | 41,385,422                 | -                           | 41,385,422            |
| Net Pension Liability                   | 283,678,384                | 1,238,214                   | 284,916,598           |
| Total Liabilities                       | <u>377,490,442</u>         | <u>2,123,262</u>            | <u>379,613,704</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>    |                            |                             |                       |
| Deferred Pension                        | 8,201,957                  | 33,292                      | 8,235,249             |
| Deferred OPEB                           | 409,677                    | -                           | 409,677               |
| Total Deferred Inflows of Resources     | <u>8,611,634</u>           | <u>33,292</u>               | <u>8,644,926</u>      |
| <b>NET POSITION</b>                     |                            |                             |                       |
| Net Investment in Capital Assets        | 297,516,598                | 33,901,126                  | 331,417,724           |
| Restricted for:                         |                            |                             |                       |
| Economic Development                    | 37,235,148                 | -                           | 37,235,148            |
| Debt Service and Capital Projects       | 1,071,956                  | -                           | 1,071,956             |
| Other Grants and Special Taxes          | 98,084,351                 | -                           | 98,084,351            |
| Unrestricted                            | (262,734,441)              | (170,787)                   | (262,905,228)         |
| Total Net Position                      | <u>\$ 171,173,612</u>      | <u>\$ 33,730,339</u>        | <u>\$ 204,903,951</u> |

See accompanying Notes to Basic Financial Statements.

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**COUNTY OF HUMBOLDT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2019**

| Functions/Programs              | Expenses              | Program Revenues                            |  |  |
|---------------------------------|-----------------------|---|--|--|
|                                 |                       | Fees, Fines, and<br>Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |
| <b>Primary Government</b>       |                       |   |  |  |
| Governmental Activities:        |                       |   |  |  |
| General Government              | \$ 21,135,665         | \$ 4,700,833                                | \$ 6,329,722                             | \$ 583,578                             |
| Public Protection               | 107,954,552           | 18,142,830                                  | 40,760,235                               | 1,010,730                              |
| Public Ways and Facilities      | 35,924,428            | 1,274,245                                   | 16,462,701                               | 4,554,475                              |
| Health and Sanitation           | 86,301,563            | 24,439,665                                  | 59,679,258                               | -                                      |
| Public Assistance               | 127,400,658           | 4,328,421                                   | 102,940,036                              | -                                      |
| Education                       | 4,448,517             | 59,468                                      | 410,165                                  | -                                      |
| Recreation and Culture          | 1,288,113             | 511,382                                     | 8,091                                    | 311,362                                |
| Debt Service                    |                       |   |  |  |
| Interest                        | 287,663               | -   | -  | -                                      |
| Total Governmental Activities   | 384,741,159           | 53,456,844                                  | 226,590,208                              | 6,460,145                              |
| <b>Business-Type Activities</b> |                       |   |  |  |
| Aviation                        | 4,725,119             | 1,529,910                                   | -  | 4,049,540                              |
| Total Business-Type Activities  | 4,725,119             | 1,529,910                                   | -  | 4,049,540                              |
| Total Humboldt County           | <u>\$ 389,466,278</u> | <u>\$ 54,986,754</u>                        | <u>\$ 226,590,208</u>                    | <u>\$ 10,509,685</u>                   |

**General Revenues**

Taxes:

Property Taxes  
Sales and Use Taxes  
Transient Occupancy Tax  
Property Taxes In Lieu of Motor Vehicle License Fees  
Other

Unrestricted Interest and Investment Earnings

Miscellaneous

**Transfers**

Total General Revenues and Transfers

**Change in Net Position**

Net Position - Beginning of Year

**Net Position - End of Year**

See accompanying Notes to Basic Financial Statements.

Net Revenue (Expense) and  
Changes in Net Position

| Primary Government         |                             |                       |
|----------------------------|-----------------------------|-----------------------|
| Governmental<br>Activities | Business-Type<br>Activities | Total                 |
| \$ (9,521,532)             | \$ -                        | \$ (9,521,532)        |
| (48,040,757)               | -                           | (48,040,757)          |
| (13,633,007)               | -                           | (13,633,007)          |
| (2,182,640)                | -                           | (2,182,640)           |
| (20,132,201)               | -                           | (20,132,201)          |
| (3,978,884)                | -                           | (3,978,884)           |
| (457,278)                  | -                           | (457,278)             |
| -                          | -                           | -                     |
| <u>(287,663)</u>           | -                           | <u>(287,663)</u>      |
| (98,233,962)               | -                           | (98,233,962)          |
| -                          | 854,331                     | 854,331               |
| -                          | <u>854,331</u>              | <u>854,331</u>        |
| (98,233,962)               | 854,331                     | (97,379,631)          |
| 30,894,382                 | -                           | 30,894,382            |
| 17,517,796                 | -                           | 17,517,796            |
| 2,194,426                  | -                           | 2,194,426             |
| 18,360,357                 | -                           | 18,360,357            |
| 17,241,075                 | -                           | 17,241,075            |
| 2,180,934                  | 6,466                       | 2,187,400             |
| 3,313,495                  | 879,298                     | 4,192,793             |
| (949,368)                  | 949,368                     | -                     |
| <u>90,753,097</u>          | <u>1,835,132</u>            | <u>92,588,229</u>     |
| (7,480,865)                | 2,689,463                   | (4,791,402)           |
| <u>178,654,477</u>         | <u>31,040,876</u>           | <u>209,695,353</u>    |
| <u>\$ 171,173,612</u>      | <u>\$ 33,730,339</u>        | <u>\$ 204,903,951</u> |



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**BASIC FINANCIAL STATEMENTS –  
FUND FINANCIAL STATEMENTS**

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**COUNTY OF HUMBOLDT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019**

|   | General<br>Fund       | Headwaters<br>Mitigation<br>Fund | Road<br>Fund        | Other<br>Governmental | Total                 |
|---|-----------------------|----------------------------------|---------------------|-----------------------|-----------------------|
| <b>ASSETS</b>   |                       |                                  |                     |                       |                       |
| Cash and Investments  | \$ 75,389,021         | \$ 11,614,003                    | \$ 1,466,920        | \$ 5,546,950          | \$ 94,016,894         |
| Department Cash Funds   | -                     | -                                | -                   | 865                   | 865                   |
| Restricted Cash and Investments                                       |                       |                                  |                     |                       |                       |
| Cash with Fiscal Agent  | 5,585,600             | -                                | -                   | -                     | 5,585,600             |
| Receivables, Net  | 38,310,388            | 19,274                           | 1,582,143           | 59,416                | 39,971,221            |
| Due from Other Funds  | 2,573,938             | -                                | -                   | -                     | 2,573,938             |
| Loans Receivable  | 21,015,997            | 5,940,564                        | -                   | -                     | 26,956,561            |
| Prepays and Other Assets  | 138,641               | -                                | -                   | 5,157                 | 143,798               |
| Total Assets  | <u>\$ 143,013,585</u> | <u>\$ 17,573,841</u>             | <u>\$ 3,049,063</u> | <u>\$ 5,612,388</u>   | <u>\$ 169,248,877</u> |
| <b>LIABILITIES</b>  |                       |                                  |                     |                       |                       |
| Accounts Payable  | \$ 11,694,507         | \$ 2,956                         | \$ 2,258,645        | \$ 405,870            | \$ 14,361,978         |
| Accrued Salaries and Benefits   | 6,068,491             | -                                | 274,572             | 225,914               | 6,568,977             |
| Due to Other Funds  | -                     | -                                | -                   | 885,834               | 885,834               |
| Total Liabilities   | <u>17,762,998</u>     | <u>2,956</u>                     | <u>2,533,217</u>    | <u>1,517,618</u>      | <u>21,816,789</u>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                  |                       |                                  |                     |                       |                       |
| Unavailable Revenue   | <u>25,664,295</u>     | <u>-</u>                         | <u>348,959</u>      | <u>-</u>              | <u>26,013,254</u>     |
| <b>FUND BALANCES</b>  |                       |                                  |                     |                       |                       |
| Nonspendable  | 138,641               | -                                | -                   | 5,157                 | 143,798               |
| Restricted  | 87,647,653            | 17,570,885                       | 166,887             | 5,200,756             | 110,586,181           |
| Committed   | 5,585,600             | -                                | -                   | -                     | 5,585,600             |
| Assigned  | 4,610,337             | -                                | -                   | -                     | 4,610,337             |
| Unassigned  | 1,604,061             | -                                | -                   | (1,111,143)           | 492,918               |
| Total Fund Balances   | <u>99,586,292</u>     | <u>17,570,885</u>                | <u>166,887</u>      | <u>4,094,770</u>      | <u>121,418,834</u>    |
| Total Liabilities, Deferred Inflows<br>of Resources and Fund Balances | <u>\$ 143,013,585</u> | <u>\$ 17,573,841</u>             | <u>\$ 3,049,063</u> | <u>\$ 5,612,388</u>   | <u>\$ 169,248,877</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, 2019**

|  |                       |
|--|-----------------------|
| Fund Balance - Total Governmental Funds  | \$ 121,418,834        |
| <p>Amounts reported for governmental activities in the statement of net position are different because:</p>  |                       |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.   | 294,901,609           |
| Unavailable revenues represent amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.   | 26,013,254            |
| Deferred outflows of resources reported in the statement of net position.  | 60,724,262            |
| 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. | 27,779,851            |
| 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.   | (40,787)              |
| Deferred inflows of resources reported in the statement of net position.   | (8,611,634)           |
| 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  | (9,285,000)           |
| Total OPEB Liability   | (43,277,427)          |
| Net pension liability  | (283,678,384)         |
| Compensated absences   | <u>(14,770,966)</u>   |
| Net Position of Governmental Activities  | <u>\$ 171,173,612</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, 2019**

|  | General<br>Fund      | Headwaters<br>Mitigation<br>Fund | Road<br>Fund      | Other<br>Governmental | Total                 |
|--|----------------------|----------------------------------|-------------------|-----------------------|-----------------------|
| <b>REVENUES</b>  |                      |                                  |                   |                       |                       |
| Taxes  | \$ 79,567,002        | \$ -                             | \$ 3,570,707      | \$ 3,070,327          | \$ 86,208,036         |
| Licenses and Permits   | 4,747,570            | -                                | 103,748           | 42                    | 4,851,360             |
| Fines, Forfeitures, and Penalties                                    | 8,645,492            | -                                | -                 | 398,457               | 9,043,949             |
| Use of Money and Property  | 1,334,126            | 545,636                          | (25,318)          | 87,656                | 1,942,100             |
| Aid from Other Governments   | 176,235,861          | -                                | 20,901,158        | 12,639,241            | 209,776,260           |
| Charges for Services   | 38,279,807           | -                                | 1,034,393         | 80,141                | 39,394,341            |
| Other Revenues   | 2,885,622            | -                                | 36,233            | 350,957               | 3,272,812             |
| Total Revenues   | <u>311,695,480</u>   | <u>545,636</u>                   | <u>25,620,921</u> | <u>16,626,821</u>     | <u>354,488,858</u>    |
| <b>EXPENDITURES</b>  |                      |                                  |                   |                       |                       |
| Current:   |                      |                                  |                   |                       |                       |
| General Government   | 21,813,747           | -                                | -                 | -                     | 21,813,747            |
| Public Protection  | 87,360,565           | -                                | -                 | 13,436,413            | 100,796,978           |
| Public Ways and Facilities   | 2,676,960            | -                                | 24,887,762        | -                     | 27,564,722            |
| Health and Sanitation  | 80,241,787           | -                                | -                 | -                     | 80,241,787            |
| Public Assistance  | 120,577,425          | -                                | -                 | -                     | 120,577,425           |
| Education  | 180,123              | -                                | -                 | 3,598,876             | 3,778,999             |
| Recreation and Culture   | 1,538,387            | 8,248                            | -                 | -                     | 1,546,635             |
| Debt Service:  |                      |                                  |                   |                       |                       |
| Principal  | -                    | -                                | -                 | 1,330,000             | 1,330,000             |
| Interest and Other Charges   | -                    | -                                | -                 | 293,538               | 293,538               |
| Total Expenditures   | <u>314,388,994</u>   | <u>8,248</u>                     | <u>24,887,762</u> | <u>18,658,827</u>     | <u>357,943,831</u>    |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | (2,693,514)          | 537,388                          | 733,159           | (2,032,006)           | (3,454,973)           |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                      |                                  |                   |                       |                       |
| Transfers In   | 3,930,039            | -                                | 10,235            | 2,853,839             | 6,794,113             |
| Transfers Out  | (9,907,374)          | (419,003)                        | (49,773)          | (1,486,139)           | (11,862,289)          |
| Total Other Financing Sources (Uses)                                 | <u>(5,977,335)</u>   | <u>(419,003)</u>                 | <u>(39,538)</u>   | <u>1,367,700</u>      | <u>(5,068,176)</u>    |
| <b>NET CHANGES IN FUND BALANCES</b>                                  | (8,670,849)          | 118,385                          | 693,621           | (664,306)             | (8,523,149)           |
| Fund Balances - Beginning 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>    |
| <b>FUND BALANCES - END OF YEAR</b>                                   | <u>\$ 99,586,292</u> | <u>\$ 17,570,885</u>             | <u>\$ 166,887</u> | <u>\$ 4,094,770</u>   | <u>\$ 121,418,834</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, 2019**

Net Change to Fund Balance - Total Governmental Funds \$ (8,523,149)

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 | \$ 14,654,247       |             |
| Less: Current Year Depreciation   | <u>(17,379,213)</u> | (2,724,966) |

|   |            |
|---|------------|
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. | 22,107,709 |
|---|------------|

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 | 1,330,000 |
|--|-----------|

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                             | 5,875            |              |
| Change in Other Postemployment Benefits                        | (2,204,289)      |              |
| Changes in Net Pension Liability and Deferred Inflows/Outflows | (21,153,139)     |              |
| Change in Compensated Absences                                 | <u>(543,712)</u> | (23,895,265) |

|  |                  |
|--|------------------|
| 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>4,224,806</u> |
|--|------------------|

|   |                       |
|---|-----------------------|
| Change in Net Position of Governmental Activities | <u>\$ (7,480,865)</u> |
|---|-----------------------|

See accompanying Notes to Basic Financial Statements.

**COUNTY OF HUMBOLDT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2019**

|                                       | Business -Type<br>Activities -<br>Enterprise Fund | Governmental<br>Activities |
|---------------------------------------|---|----------------------------|
|                                       | Aviation  | Internal Service<br>Funds  |
| <b>ASSETS</b>                         |   |                            |
| Current Assets:                       |   |                            |
| Cash and Investments                  | \$ -  | \$ 21,030,385              |
| Departmental Cash Funds               | 340   | -                          |
| Accounts Receivable                   | 1,624,374   | 2,215                      |
| Due from Other Funds                  | -   | 17,250                     |
| Inventory                             | 102,978   | -                          |
| Prepaid Expenses                      | 1,500   | 62,904                     |
| Total Current Assets                  | 1,729,192   | 21,112,754                 |
| Noncurrent Assets:                    |   |                            |
| Capital Assets:                       |   |                            |
| Nondepreciable                        | 9,856,836   | 1,152,714                  |
| Depreciable, Net                      | 24,639,762  | 12,117,748                 |
| Total Noncurrent Assets               | 34,496,598  | 13,270,462                 |
| Total Assets                          | 36,225,790  | 34,383,216                 |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b> |   |                            |
| Deferred Pension                      | 252,765   | -                          |
| <b>LIABILITIES</b>                    |   |                            |
| Current Liabilities:                  |   |                            |
| Accounts Payable                      | 735,560   | 1,479,985                  |
| Accrued Salaries and Benefits         | 38,560  | 189,914                    |
| Due to Other Funds                    | 591,662   | 1,096,442                  |
| Capital Leases                        | -   | 291,492                    |
| Compensated Absences                  | 48,038  | 246,579                    |
| Provision for Estimated Claims        | -   | 2,087,587                  |
| Total Current Liabilities             | 1,413,820   | 5,391,999                  |
| Noncurrent Liabilities:               |   |                            |
| Capital Leases                        | -   | 1,078,981                  |
| Compensated Absences                  | 62,890  | 132,385                    |
| Net Pension Liability                 | 1,238,214   | -                          |
| Total Noncurrent Liabilities          | 1,301,104   | 1,211,366                  |
| Total Liabilities                     | 2,714,924   | 6,603,365                  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |   |                            |
| Deferred Pension                      | 33,292  | -                          |
| <b>NET POSITION</b>                   |   |                            |
| Net Investment in Capital Assets      | 33,901,126  | 11,899,989                 |
| Unrestricted                          | (170,787)   | 15,879,862                 |
| Total Net Position                    | \$ 33,730,339                                     | \$ 27,779,851              |

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, 2019**

|   | Business -Type<br>Activities -<br>Enterprise Fund | Governmental<br>Activities |
|---|---|----------------------------|
|   | Aviation  | Internal Service<br>Funds  |
| <b>OPERATING REVENUES</b>                               |   |                            |
| Charges for Services                                    | \$ 1,529,910                                      | \$ 41,208,936              |
| Other Revenue   | 879,298   | 1,686,432                  |
| Total Operating Revenues                                | 2,409,208   | 42,895,368                 |
| <b>OPERATING EXPENSES</b>                               |   |                            |
| Salaries and Benefits                                   | 960,995   | 4,536,838                  |
| Services and Supplies                                   | 1,943,719   | 34,509,161                 |
| Claims Expense  | -   | 1,715,207                  |
| Depreciation  | 1,820,405   | 1,786,618                  |
| Total Operating Expenses                                | 4,725,119   | 42,547,824                 |
| <b>OPERATING INCOME (LOSS)</b>                          | (2,315,911)                                       | 347,544                    |
| <b>NONOPERATING REVENUE (EXPENSES)</b>                  |   |                            |
| Interest Income   | 6,466   | 238,834                    |
| Operating Grants  | -   | 750,000                    |
| Contributions of Capital Assets                         | -   | (1,854,641)                |
| Sale of Capital Assets                                  | -   | 40,683                     |
| Total Nonoperating Revenue (Expenses)                   | 6,466   | (825,124)                  |
| <b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b> | (2,309,445)                                       | (477,580)                  |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |   |                            |
| Capital Contributions                                   | 4,049,540   | 583,578                    |
| Transfers In  | 1,069,609   | 4,150,167                  |
| Transfers Out   | (120,241)   | (31,359)                   |
| Total Other Financing Sources (Uses)                    | 4,998,908   | 4,702,386                  |
| <b>CHANGE IN NET POSITION</b>                           | 2,689,463   | 4,224,806                  |
| Net Position - Beginning of Year                        | 31,040,876  | 23,555,045                 |
| <b>NET POSITION - END OF YEAR</b>                       | \$ 33,730,339                                     | \$ 27,779,851              |

See accompanying Notes to Basic Financial Statements.

**COUNTY OF HUMBOLDT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2019**

|  | Business-Type<br>Activities -<br>Enterprise Fund | Governmental<br>Activities   |
|--|--|------------------------------|
|  | Aviation   | Internal<br>Service<br>Funds |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |  |                              |
| Cash Receipts from Customers and Other Funds   | \$ 2,409,208                                     | \$ -                         |
| Cash Receipts from Internal Fund Services Provided   | -  | 42,885,709                   |
| Cash Paid to Suppliers for Goods and Services  | (2,169,558)                                      | (36,019,496)                 |
| Cash Paid to Employees for Services  | (922,221)  | (4,426,230)                  |
| Net Cash Provided (Used) by Operating Activities   | (682,571)  | 2,439,983                    |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                                       |  |                              |
| Operating Grants   | -  | 750,000                      |
| Transfers from other Funds   | 729,875  | 5,863,739                    |
| Transfers to other Funds   | (120,241)  | (31,359)                     |
| Net Cash Provided (Used) by Noncapital<br>Financing Activities                               | 609,634  | 6,582,380                    |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING<br/>ACTIVITIES</b>                          |  |                              |
| Capital Grants   | 2,447,341  | 583,578                      |
| Proceeds from Sale of Capital Assets   | -  | 116,858                      |
| Purchase of Capital Assets   | (3,867,623)                                      | (5,238,271)                  |
| Interest Paid on Capital Debt  | -  | -                            |
| Net Cash Used by Capital and Related<br>Financing Activities                                 | (1,420,282)                                      | (4,537,835)                  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |  |                              |
| Interest Received  | 6,466  | 238,834                      |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH<br/>EQUIVALENTS</b>                              |  |                              |
|  | (1,486,753)                                      | 4,723,362                    |
| Cash and Cash Equivalents - Beginning of Year  | 1,487,093  | 16,307,023                   |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>   | <b>\$ 340</b>                                    | <b>\$ 21,030,385</b>         |
| <b>RECONCILIATION OF CASH AND CASH EQUIVALENTS<br/>TO THE STATEMENT OF FUND NET POSITION</b> |  |                              |
| Cash and Investments   | \$ -   | \$ 21,030,385                |
| Department Cash Funds  | 340  | -                            |
| Total Cash and Cash Equivalents  | <b>\$ 340</b>                                    | <b>\$ 21,030,385</b>         |

See accompanying Notes to Basic Financial Statements.

**COUNTY OF HUMBOLDT  
STATEMENT OF CASH FLOWS (CONTINUED)  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2019**

|  | Business-Type<br>Activities -<br>Enterprise Fund | Governmental<br>Activities  |
|--|--|-----------------------------|
|  | Aviation   | Internal<br>Service<br>Fund |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET<br/>CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b> |  |                             |
| Operating Income (Loss)  | \$ (2,315,911)                                   | \$ 347,544                  |
| Adjustments to Reconcile Operating Income (Loss) to Net<br>Cash Provided (Used) by Operating Activities: |  |                             |
| Depreciation   | 1,820,405  | 1,786,618                   |
| Changes in Assets and Liabilities:   |  |                             |
| (Increase) Decrease in:  |  |                             |
| Receivables  | -  | (9,659)                     |
| Prepays  | (1,500)  | 1,469                       |
| Increase (Decrease) in:  |  |                             |
| Accounts Payable   | (224,339)  | 491,444                     |
| Accrued Salaries and Benefits  | 12,556   | 47,725                      |
| Compensated Absences   | (6,057)  | 62,883                      |
| Claims Payable   | -  | (288,041)                   |
| Net Pension Liability  | 32,275   | -                           |
| Net Cash Provided (Used) by Operating Activities   | \$ (682,571)                                     | \$ 2,439,983                |
| <b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>   |  |                             |
| Transfer of Capital Assets   | \$ -   | \$ (1,854,641)              |
| Purchase of Equipment on Account   | \$ -   | \$ 1,370,473                |

See accompanying Notes to Basic Financial Statements.

**COUNTY OF HUMBOLDT  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2019**

|  | <u>Investment<br/>Trust<br/>Fund</u> | <u>Agency<br/>Funds</u> |
|--|--------------------------------------|-------------------------|
| <b>ASSETS</b>                                  |                                      |                         |
| Pooled Cash and Investments                    | \$ 204,110,478                       | \$ 50,282,669           |
| Taxes Receivable                               | -                                    | 13,144,404              |
| Due from Other Funds                           | -                                    | -                       |
| Total Assets                                   | <u>204,110,478</u>                   | <u>63,427,073</u>       |
| <b>LIABILITIES</b>                             |                                      |                         |
| Agency Funds Held for Others                   | -                                    | 63,427,073              |
| Total Liabilities                              | <u>-</u>                             | <u>63,427,073</u>       |
| <b>NET POSITION</b>                            |                                      |                         |
| Net Position Held in Trust for Investment Pool |                                      |                         |
| Participants                                   | <u>204,110,478</u>                   | <u>-</u>                |
| Total Net Position                             | <u>\$ 204,110,478</u>                | <u>\$ -</u>             |

See accompanying Notes to Basic Financial Statements.

**COUNTY OF HUMBOLDT  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2019**

|                                       | Investment<br>Trust<br>Fund |
|---------------------------------------|-----------------------------|
| <b>ADDITIONS</b>                      |                             |
| Contributions to Pooled Investments   | \$ 457,877,012              |
| Investment Income                     | 7,495,003                   |
| Total Additions                       | 465,372,015                 |
| <b>DEDUCTIONS</b>                     |                             |
| Distributions from Pooled Investments | 458,958,394                 |
| <b>CHANGE IN NET POSITION</b>         | 6,413,621                   |
| Net Position - Beginning of Year      | 197,696,857                 |
| <b>NET POSITION - END OF YEAR</b>     | \$ 204,110,478              |

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, 2019**

**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 provide 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, 2019 were not available at the time of our audit.



**COUNTY OF HUMBOLDT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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, Hydesville 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, 2019**

**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.

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- 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

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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.

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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.

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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.

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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.

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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, 2019, 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.



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- 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, 2019**

**NOTE 2 CASH AND INVESTMENTS**

At June 30, 2019, total County cash and investments were as follows:

|                               |                              |
|-------------------------------|------------------------------|
| Cash:                         |                              |
| Cash on Hand and Imprest Cash | \$ 26,193                    |
| Deposits                      | 5,654,142                    |
| Total Cash and Deposits       | <u>5,680,335</u>             |
| Investments:                  |                              |
| In Treasurer's Pool           | 375,357,051                  |
| With Fiscal Agent             | 5,585,600                    |
| Total Investments             | <u>380,942,651</u>           |
| In Transit:                   |                              |
| Outstanding Checks            | <u>(11,595,755)</u>          |
| Total                         | <u><u>\$ 375,027,231</u></u> |

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

|                          |                              |
|--------------------------|------------------------------|
| Primary Government:      |                              |
| Governmental Activities  | \$ 120,633,744               |
| Business-Type Activities | 340                          |
| Investment Trust Fund    | 204,110,478                  |
| Agency Funds             | 50,282,669                   |
| Total                    | <u><u>\$ 375,027,231</u></u> |

**COUNTY OF HUMBOLDT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**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<br>Investment Type                              | Maximum<br>Maturity | Maximum<br>Percentage<br>of Portfolio | Maximum<br>Investment<br>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, 2019, the County had the following investments:

|   | Interest Rate | Maturities            | Par                   | Carrying<br>Value     | WAM<br>(Years) |
|---|---------------|-----------------------|-----------------------|-----------------------|----------------|
| <b>Investment Pool:</b>                     |               |                       |                       |                       |                |
| Federal Agency Issues - Coupon              | 1.000 - 2.640 | 8/10/2018 - 8/28/2025 | \$ 255,979,000        | \$ 255,675,103        | 1.80           |
| Negotiable CDs                              | 1.250 - 3.100 | 11/5/2018 - 12/9/2024 | 8,826,000             | 8,826,000             | 3.32           |
| Municipal Bonds                             | 1.800 - 2.000 | 7/1/2019 - 8/1/2021   | 5,000,000             | 4,940,666             | 2.10           |
| U.S. Treasury Notes                         | 0.875 - 1.500 | 6/15/2019 - 6/30/2021 | 12,000,000            | 11,930,514            | 1.18           |
| Medium Term Corporate Notes                 | 1.650 - 2.750 | 3/1/2021 - 1/26/2023  | 6,000,000             | 5,985,644             | 2.62           |
| Supranationals                              | 1.250 - 2.000 | 4/26/2019 - 1/15/2023 | 3,000,000             | 3,000,000             | 3.54           |
| California Asset Management Program         | Variable      | On Demand             | 82,483,370            | 82,483,370            |                |
| Local Agency investment Fund                | Variable      | On Demand             | 2,515,754             | 2,515,754             |                |
| Total Investment Pool                       |               |                       | <u>\$ 375,804,124</u> | <u>\$ 375,357,051</u> |                |
| <b>Investments Outside Investment Pool:</b> |               |                       |                       |                       |                |
| <b>Cash Held with Fiscal Agent:</b>         |               |                       |                       |                       |                |
| Money Market Mutual Funds                   | Variable      | On Demand             | 5,585,600             | 5,585,600             |                |
| Total Investments                           |               |                       | <u>\$ 381,389,724</u> | <u>\$ 380,942,651</u> |                |

The fair value of the investments is obtained by the County's safekeeping agent.

**COUNTY OF HUMBOLDT  
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**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, 2019:

| Investments by Fair Value Level             | Fair Value            | Quoted Prices in<br>Active Markets<br>for Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Observable<br>Inputs<br>(Level 3) |
|---|-----------------------|--|---|--|
| Federal Agency                              |                       |  |   |  |
| Issues - Coupon                             | \$ 255,675,103        | \$ -   | \$ 255,675,103  | \$ -   |
| Negotiable CDs                              | 8,826,000             | -  | 8,826,000   | -  |
| Municipal Bonds                             | 4,940,666             | -  | 4,940,666   | -  |
| Medium Term Corporate Notes                 | 5,985,644             |  | 5,985,644   |  |
| Supranationals                              | 3,000,000             |  | 3,000,000   |  |
| U.S. Treasury Notes                         | 11,930,514            | 11,930,514   | -   | -  |
| Total Investments Measured<br>at Fair Value | 290,357,927           | <u>\$ 11,930,514</u>   | <u>\$ 278,427,413</u>                                     | <u>\$ -</u>                                      |
| Investment Measured<br>at Amortized Cost:   |                       |  |   |  |
| California Asset Mgmt Program               | 82,483,370            |  |   |  |
| Local Agency Investment Fund                | 2,515,754             |  |   |  |
| PARS  | 5,585,600             |  |   |  |
| Total Investments                           | <u>\$ 380,942,651</u> |  |   |  |

**COUNTY OF HUMBOLDT  
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**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, 2019.

|   | Standard & Poor's<br>Rating | % of<br>Portfolio |
|---|-----------------------------|-------------------|
| JNJ (Abbott Labs)                       | AAA                         | 0.82              |
| Federal National Mortgage               | AA+                         | 19.77             |
| Federal Home Loan Bank                  | AA+                         | 21.39             |
| Federal Home Loan Mortgage Corp.        | AA+                         | 9.64              |
| Federal Farm Credit                     | AA+                         | 17.32             |
| Intl Finance Corporation                | AAA                         | 0.80              |
| Municipal Bonds                         | AA                          | 1.32              |
| U.S. Treasury Notes                     | Aaa                         | 3.18              |
| Certificates of Deposit                 | Unrated                     | 2.35              |
| Medium Term Corporate Notes             | AA-                         | 0.80              |
| Local Agency Investment Fund            | Unrated                     | 0.67              |
| California Local Agency Investment Fund | Unrated                     | 21.94             |
| Total                                   |                             | <u>100.00 %</u>   |

At June 30, 2019, 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.

|                                  | Fair Value<br>Holdings | Percentage<br>Holdings |
|----------------------------------|------------------------|------------------------|
| Federal National Mortgage        | \$ 74,197,306          | 19.77 %                |
| Federal Home Loan Bank           | 80,276,286             | 21.39                  |
| Federal Home Loan Mortgage Corp. | 36,195,940             | 9.64                   |
| Federal Farm Credit              | 65,005,571             | 17.32                  |

**COUNTY OF HUMBOLDT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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, 2019, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$2,515,754, 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 \$105,739,564,676. The PMIA portfolio includes 1.49% invested in structured notes and medium-term asset-backed securities and 0.28% 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, 2019:

**Statement of Net Position**

|   |                       |
|---|-----------------------|
| Net Position Held for Pool Participants | <u>\$ 369,419,838</u> |
| Equity of External Pool Participants    | \$ 204,110,478        |
| Equity of Internal Pool Participants    | <u>165,309,360</u>    |
| Total Net Position                      | <u>\$ 369,419,838</u> |

**Statement of Changes in Net Position**

|  |                       |
|--|-----------------------|
| Net Position at July 1, 2018                   | \$ 359,907,713        |
| Net Change in Investments by Pool Participants | <u>9,512,125</u>      |
| Net Position at June 30, 2019                  | <u>\$ 369,419,838</u> |

**COUNTY OF HUMBOLDT  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 3 INTERFUND TRANSACTIONS**

The composition of interfund balances as of June 30, 2019 is as follows:

**Due to/from Other Funds**

| Receivable Fund | Payable Fund                | Amount       |
|-----------------|-----------------------------|--------------|
| General Fund    | Aviation Fund               | \$ 591,662   |
|                 | Nonmajor Governmental Funds | 885,834      |
|                 | Internal Service Funds      | 1,096,442    |
|                 | Total                       | \$ 2,573,938 |

The due to/from other funds account balances consists of interfund cash transactions to eliminate cash deficits at June 30, 2019 for reporting purposes and short-term loans between funds.

**Transfers**

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

| Transfer from              | Transfer In   | Transfer Out  |
|----------------------------|---------------|---------------|
| General Fund               | \$ 3,930,039  | \$ 9,907,374  |
| Headwaters Mitigation Fund | -             | 419,003       |
| Road Fund                  | 10,235        | 49,773        |
| Other Governmental Funds   | 2,853,839     | 1,486,139     |
| Aviation                   | 1,069,609     | 120,241       |
| Internal Service Funds     | 4,150,167     | 31,359        |
|                            | \$ 12,013,889 | \$ 12,013,889 |

**COUNTY OF HUMBOLDT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 4 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2019 was as follows:

|  | Balance<br>July 1, 2018 | Additions    | Retirements  | Transfers and<br>Adjustments | Balance<br>June 30, 2019 |
|--|-------------------------|--------------|--------------|------------------------------|--------------------------|
| <b>Governmental Activities</b>               |                         |              |              |                              |                          |
| Capital Assets, not being Depreciated:       |                         |              |              |                              |                          |
| Land   | \$ 10,697,856           |              |              |                              | \$ 10,697,856            |
| Construction in Progress                     | 23,266,111              | 15,172,931   | -            | (3,870,508)                  | 34,568,534               |
| Total Capital Assets, not being Depreciated  | 33,963,967              | 15,172,931   | -            | (3,870,508)                  | 45,266,390               |
| Capital Assets, being Depreciated:           |                         |              |              |                              |                          |
| Infrastructure                               | 616,208,218             | -            | -            | 3,712,092                    | 619,920,310              |
| Structures and Improvements                  | 105,242,320             | -            | -            | 511,862                      | 105,754,182              |
| Equipment                                    | 40,849,483              | 4,843,275    | (2,994,208)  | (354,422)                    | 42,344,128               |
| Total Capital Assets, being Depreciated      | 762,300,021             | 4,843,275    | (2,994,208)  | 3,869,532                    | 768,018,620              |
| Less Accumulated Depreciation for:           |                         |              |              |                              |                          |
| Infrastructure                               | (395,222,267)           | (13,600,397) | -            | -                            | (408,822,664)            |
| Structures and Improvements                  | (65,673,998)            | (2,922,781)  | -            | (5,188)                      | (68,601,967)             |
| Equipment                                    | (27,361,996)            | (2,642,653)  | 2,474,192    | (157,851)                    | (27,688,308)             |
| Total Accumulated Depreciation               | (488,258,261)           | (19,165,831) | 2,474,192    | (163,039)                    | (505,112,939)            |
| Total Capital Assets, being Depreciated, Net | 274,041,760             | (14,322,556) | (520,016)    | 3,706,493                    | 262,905,681              |
| Governmental Activities Capital Assets, Net  | \$ 308,005,727          | \$ 850,375   | \$ (520,016) | \$ (164,015)                 | \$ 308,172,071           |
| <b>Business-Type Activities</b>              |                         |              |              |                              |                          |
| Capital Assets, not being Depreciated:       |                         |              |              |                              |                          |
| Land   | \$ 1,976,177            | \$ -         | \$ -         | \$ -                         | \$ 1,976,177             |
| Construction in Progress                     | 3,738,969               | 4,141,690    | -            | -                            | 7,880,659                |
| Total Capital Assets, not being Depreciated  | 5,715,146               | 4,141,690    | -            | -                            | 9,856,836                |
| Capital Assets, being Depreciated:           |                         |              |              |                              |                          |
| Structures and Improvements                  | 53,503,814              | -            | -            | -                            | 53,503,814               |
| Equipment                                    | 323,799                 | 18,339       | (5,221)      | -                            | 336,917                  |
| Total Capital Assets, being Depreciated      | 53,827,613              | 18,339       | (5,221)      | -                            | 53,840,731               |
| Less accumulated depreciation for:           |                         |              |              |                              |                          |
| Structures and Improvements                  | (27,125,475)            | (1,810,294)  | -            | -                            | (28,935,769)             |
| Equipment                                    | (260,310)               | (10,111)     | 5,221        | -                            | (265,200)                |
| Total Accumulated Depreciation               | (27,385,785)            | (1,820,405)  | 5,221        | -                            | (29,200,969)             |
| Total Capital Assets, being Depreciated, Net | 26,441,828              | (1,802,066)  | -            | -                            | 24,639,762               |
| Business-Type Activities Capital Assets, Net | \$ 32,156,974           | \$ 2,339,624 | \$ -         | \$ -                         | \$ 34,496,598            |



**COUNTY OF HUMBOLDT  
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**Depreciation**

Depreciation expense was charged to governmental functions as follows:

|   |               |
|---|---------------|
| General Government  | \$ 1,322,568  |
| Public Protection   | 1,501,039     |
| Public Ways and Facilities  | 13,680,843    |
| Health and Sanitation   | 224,442       |
| Public Assistance   | 279,055       |
| Education   | 295,190       |
| Recreation and Culture  | 76,076        |
| Capital Assets Held by the Government's Internal<br>Service Funds are Charged to the Various<br>Functions Based on Their Usage of the Asset | 1,786,618     |
| Total Depreciation Expense - Governmental<br>Functions  | \$ 19,165,831 |

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

|          |              |
|----------|--------------|
| Aviation | \$ 1,820,405 |
|----------|--------------|

**NOTE 5 LEASE COMMITMENTS**

**Operating Leases**

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

At June 30, 2019, 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> |
|------------------------------------|---------------|
| 2020                               | \$ 5,332,781  |
| 2021                               | 5,475,229     |
| 2022                               | 5,621,877     |
| 2023                               | 5,772,713     |
| 2024                               | 5,925,136     |
| Total                              | \$ 28,127,736 |

Rent expenditures were \$5,614,285 for the year ended June 30, 2019.

**Capital Leases**

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

**COUNTY OF HUMBOLDT  
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The following is a summary of equipment leased under the capital lease agreements by the County as of June 30, 2019.

|                | Stated<br>Interest<br>Rate | Present Value<br>of Remaining<br>Payments as of<br>June 30, 2019 |
|----------------|----------------------------|--|
| Road Equipment | 1.81 - 2.91%               | \$ 1,370,473   |
| Total          |                            | \$ 1,370,473   |

The cost of equipment under capital leases is as follows:

|                                |              |
|--------------------------------|--------------|
| Road Equipment                 | \$ 1,550,412 |
| Less: Accumulated Depreciation | (310,082)    |
| Total                          | \$ 1,240,330 |

As of June 30, 2019, future minimum lease payments under capital leases were as follows:

| Year Ending June 30,                    | Amount       |
|---|--------------|
| 2020                                    | \$ 347,847   |
| 2021                                    | 347,847      |
| 2022                                    | 347,847      |
| 2023                                    | 325,548      |
| 2024                                    | 147,371      |
| Total Future Minimum Lease Payments     | 1,516,460    |
| Less: Interest                          | (145,987)    |
| Present Value of Minimum Lease Payments | \$ 1,370,473 |

**NOTE 6 LONG-TERM LIABILITIES**

The following is a summary of long-term liabilities transactions for the year ended June 30, 2019:

|                                 | Balance<br>July 1, 2018 | Additions     | Deletions     | Balance<br>June 30, 2019 | Amounts<br>Due Within<br>One Year |
|---------------------------------|-------------------------|---------------|---------------|--------------------------|-----------------------------------|
| <b>Governmental Activities</b>  |                         |               |               |                          |                                   |
| Direct Borrowings:              |                         |               |               |                          |                                   |
| Certificates of Participation   | \$ 10,615,000           | \$ -          | \$ 1,330,000  | \$ 9,285,000             | \$ 1,365,000                      |
| Capital Lease Obligations       | -                       | 1,550,412     | 179,939       | 1,370,473                | 291,492                           |
| Compensated Absences            | 14,543,335              | 11,472,006    | 10,865,411    | 15,149,930               | 11,376,010                        |
| Liability for Unpaid Claims     | 2,375,628               | 1,715,207     | 2,003,248     | 2,087,587                | 2,087,587                         |
| Total Governmental Activities   |                         |               |               |                          |                                   |
| Long-Term Liabilities           | \$ 27,533,963           | \$ 14,737,625 | \$ 14,378,598 | \$ 27,892,990            | \$ 15,120,089                     |
| <b>Business-Type Activities</b> |                         |               |               |                          |                                   |
| Compensated Absences            | \$ 116,985              | \$ 48,038     | \$ 54,095     | \$ 110,928               | \$ 48,038                         |

**COUNTY OF HUMBOLDT  
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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.

As of June 30, 2019, annual debt service requirements of governmental activities to maturity are as follows:

| <u>Year Ending June 30,</u> | Governmental Activities       |            |
|-----------------------------|-------------------------------|------------|
|                             | Certificates of Participation |            |
|                             | Principal                     | Interest   |
| 2020                        | \$ 1,365,000                  | \$ 244,721 |
| 2021                        | 1,410,000                     | 208,544    |
| 2022                        | 1,455,000                     | 171,186    |
| 2023                        | 1,505,000                     | 132,647    |
| 2024                        | 1,555,000                     | 92,795     |
| 2025-2027                   | 1,995,000                     | 91,459     |
| Total                       | \$ 9,285,000                  | \$ 941,352 |

Long-term debt at June 30, 2019, 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, 2019</u> |
|--|----------------------|-------------------------|-----------------------|--------------------------------------|------------------------------|-------------------------------------|
| <b>Governmental Activities</b>   |                      |                         |                       |                                      |                              |                                     |
| 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                 | \$ 4,680,000                        |
| 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                    | 1,425,000                           |
| 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                    | 3,180,000                           |
| Total Governmental Activities  |                      |                         |                       |                                      | \$ 17,860,000                | \$ 9,285,000                        |

**COUNTY OF HUMBOLDT  
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**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, 2019 is as follows:

|                            | General<br>Fund      | Headwaters<br>Fund   | Road<br>Fund      | Other<br>Governmental<br>Funds | Total                 |
|----------------------------|----------------------|----------------------|-------------------|--------------------------------|-----------------------|
| <b>Nonspendable:</b>       |                      |                      |                   |                                |                       |
| Prepays and Inventory      | \$ 138,641           | \$ -                 | \$ -              | \$ 5,157                       | \$ 143,798            |
| Total Nonspendable         | 138,641              | -                    | -                 | 5,157                          | 143,798               |
| <b>Restricted for:</b>     |                      |                      |                   |                                |                       |
| General Government         | 9,720,508            | -                    | -                 | -                              | 9,720,508             |
| Public Projection          | 25,948,891           | -                    | -                 | 2,864,433                      | 28,813,324            |
| Public Ways and Facilities | 5,294,705            | -                    | 166,887           | -                              | 5,461,592             |
| Health and Sanitation      | 19,744,502           | -                    | -                 | -                              | 19,744,502            |
| Public Assistance          | 6,753,696            | -                    | -                 | -                              | 6,753,696             |
| Education                  | 499,894              | -                    | -                 | 1,223,580                      | 1,723,474             |
| Recreation                 | 21,194               | -                    | -                 | -                              | 21,194                |
| Economic Development       | 19,664,263           | 17,570,885           | -                 | -                              | 37,235,148            |
| Debt Service               | -                    | -                    | -                 | 1,112,743                      | 1,112,743             |
| Total Restrictions         | 87,647,653           | 17,570,885           | 166,887           | 5,200,756                      | 110,586,181           |
| <b>Committed for:</b>      |                      |                      |                   |                                |                       |
| Pensions                   | 5,585,600            | -                    | -                 | -                              | 5,585,600             |
| <b>Assigned for:</b>       |                      |                      |                   |                                |                       |
| General Reserve            | 4,610,337            | -                    | -                 | -                              | 4,610,337             |
| <b>Unassigned</b>          | 1,604,061            | -                    | -                 | (1,111,143)                    | 492,918               |
| Total Fund Balance         | <u>\$ 99,586,292</u> | <u>\$ 17,570,885</u> | <u>\$ 166,887</u> | <u>\$ 4,094,770</u>            | <u>\$ 121,418,834</u> |

**COUNTY OF HUMBOLDT  
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**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, 2019 are summarized as follows:

|   | Miscellaneous               |                                |
|---|-----------------------------|--------------------------------|
|   | Prior to<br>January 1, 2013 | On or After<br>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<br>January 1, 2013 | On or After<br>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**  
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**Employees Covered** – At June 30, 2019, 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, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

|                           | <u>Miscellaneous</u>  | <u>Safety</u>    |
|---------------------------|---|------------------|
| Valuation Date            | June 30, 2017   | June 30, 2017    |
| Measurement Date          | June 30, 2018   | June 30, 2018    |
| 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

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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.

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

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

**COUNTY OF HUMBOLDT**  
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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      | 50.0 %                          | 4.80 %                             | 5.98 %                            |
| Fixed Income       | 28.0                            | 1.00                               | 2.62                              |
| Inflation Assets   | -                               | 0.77                               | 1.81                              |
| Private Equity     | 8.0                             | 6.30                               | 7.23                              |
| Real Assets        | 13.0                            | 3.75                               | 4.93                              |
| Liquidity          | 1.0                             | -                                  | (0.92)                            |
| 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.

**C. Changes in the Net Pension Liability**

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

|   | <u>Miscellaneous Plan</u>      |                                    |                                      |
|---|--------------------------------|------------------------------------|--------------------------------------|
|   | <u>Total Pension Liability</u> | <u>Plan Fiduciary Net Position</u> | <u>Net Pension Liability (Asset)</u> |
| Balance at June 30, 2018  | \$ 662,835,890                 | \$ 456,222,460                     | \$ 206,613,430                       |
| Changes in the Year:  |                                |                                    |                                      |
| Service Cost  | 15,973,515                     | -                                  | 15,973,515                           |
| Interest on the Total Pension Liability                             | 49,302,934                     | -                                  | 49,302,934                           |
| Benefit Payments, Including Refunds of Employee Contributions       | (36,338,982)                   | (36,338,982)                       | -                                    |
| Changes of Assumptions  | (4,905,718)                    | -                                  | (4,905,718)                          |
| Differences Between Expected and Actual Experience                  | 11,848,842                     | -                                  | 11,848,842                           |
| Plan to Plan Resource Movement                                      | -                              | (1,176)                            | 1,176                                |
| Contribution - Employer   | -                              | 20,258,811                         | (20,258,811)                         |
| Contribution - Employee   | -                              | 9,206,174                          | (9,206,174)                          |
| Net Investment Income   | -                              | 40,029,368                         | (40,029,368)                         |
| Administrative Expenses   | -                              | (743,049)                          | 743,049                              |
| Other Expenses  | -                              | (1,411,063)                        | 1,411,063                            |
| Change of Allocation  | 29,955,265                     | 20,617,871                         | 9,337,394                            |
| Net Changes   | <u>65,835,856</u>              | <u>51,617,954</u>                  | <u>14,217,902</u>                    |
| Balance at June 30, 2019<br><i>(Measurement Date June 30, 2018)</i> | <u>\$ 728,671,746</u>          | <u>\$ 507,840,414</u>              | <u>\$ 220,831,332</u>                |



**COUNTY OF HUMBOLDT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

|   | Safety Plan                |                                |                                  |
|---|----------------------------|--------------------------------|----------------------------------|
|   | Total Pension<br>Liability | Plan Fiduciary<br>Net Position | Net Pension<br>Liability (Asset) |
| Balance at June 30, 2018  | \$ 208,282,730             | \$ 146,580,939                 | \$ 61,701,791                    |
| Changes in the Year:  |                            |                                |                                  |
| Service Cost  | 4,982,401                  | -                              | 4,982,401                        |
| Interest on the Total Pension<br>Liability                          | 14,860,932                 | -                              | 14,860,932                       |
| Changes of Assumptions  | (606,417)                  | -                              | (606,417)                        |
| Differences Between Expected<br>and Actual Experience               | 2,510,714                  | -                              | 2,510,714                        |
| Benefit Payments, Including<br>Refunds of Employee<br>Contributions | (9,666,050)                | (9,666,050)                    | -                                |
| Plan to Plan Resource<br>Movement                                   | -                          | (362)                          | 362                              |
| Contribution - Employer   | -                          | 5,565,876                      | (5,565,876)                      |
| Contribution - Employee   | -                          | 2,174,222                      | (2,174,222)                      |
| Net Investment Income   | -                          | 12,286,593                     | (12,286,593)                     |
| Administrative Expenses   | -                          | (228,413)                      | 228,413                          |
| Other Expenses  | -                          | (433,761)                      | 433,761                          |
| Net Changes   | <u>12,081,580</u>          | <u>9,698,105</u>               | <u>2,383,475</u>                 |
| Balance at June 30, 2019<br><i>(Measurement Date June 30, 2018)</i> | <u>\$ 220,364,310</u>      | <u>\$ 156,279,044</u>          | <u>\$ 64,085,266</u>             |

***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<br>Discount Rate<br>6.15% | Discount Rate<br>7.15% | 1% Increase in<br>Discount Rate<br>8.15% |
|---------------|--|------------------------|--|
| Miscellaneous | \$ 312,048,507                           | \$ 220,831,332         | \$ 144,790,065                           |
| Safety        | 95,208,512                               | 64,085,266             | 38,662,511                               |

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

**COUNTY OF HUMBOLDT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

For the year ended June 30, 2019, the County recognized pension expense of \$32,177,288 and \$8,884,396 for its miscellaneous and safety plans, respectively. At June 30, 2019, 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                      | \$ 22,495,592                  | \$ -                          |
| Differences Between Actual and Expected Experience                        | 8,258,284                      | 2,518,391                     |
| Changes in Assumptions  | 12,941,745                     | 3,419,136                     |
| Net Differences Between Projected and Actual Earnings on Plan Investments | 1,384,125                      | -                             |
| Total   | \$ 45,079,746                  | \$ 5,937,527                  |

|   | Safety Plan                    |                               |
|---|--------------------------------|-------------------------------|
|   | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Pension Contributions Subsequent to Measurement Date                      | \$ 5,841,920                   | \$ -                          |
| Differences Between Actual and Expected Experience                        | 1,883,035                      | 1,842,909                     |
| Changes in Assumptions  | 5,771,788                      | 454,813                       |
| Net Differences Between Projected and Actual Earnings on Plan Investments | 508,533                        | -                             |
| Total   | \$ 14,005,276                  | \$ 2,297,722                  |

The County reported \$28,337,512 as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Year Ending June 30, | Miscellaneous | Safety       |
|----------------------|---------------|--------------|
| 2020                 | \$ 17,602,867 | \$ 4,434,974 |
| 2021                 | 4,476,381     | 2,792,645    |
| 2022                 | (4,166,292)   | (979,613)    |
| 2024                 | (1,266,329)   | (382,372)    |
| Thereafter           | -             | -            |

**COUNTY OF HUMBOLDT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**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:

|                            | Blue Shield<br>NV HMO | PERS Select<br>PPO | PERS Choice<br>PPO | PERS Care<br>PPO | PORAC     |
|----------------------------|-----------------------|--------------------|--------------------|------------------|-----------|
| <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, 2019**

**B. Actuarial Assumptions**

The Net OPEB Liability was determined using an actuarial valuation as of June 30, 2018, using the following assumptions:

| Actuarial Assumption        | June 30, 2018 Measurement Date  |
|-----------------------------|---|
| Actuarial Valuation Date    | June 30, 2017   |
| Discount Rate               | 3.62%<br>Unfunded, therefor the discount rate was set to the rate of tax-exempt, high quality 20-year municipal bonds, as the valuation date. |
| Inflation                   | 2.50%   |
| Mortality Rates:            | Based on CalPERS tables.  |
| Salary Increases            | 2.75%. Additional merit-based on CalPERS merit salary increase tables.  |
| Investment Rate of Return   | 3.50%   |
| Healthcare Cost Trend Rates | 6.50%, trending down to 3.84% over 58 years   |

**C. Employees Covered by Benefit Terms**

At June 30, 2019, 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, 2019**

**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, 2019.

|   | <u>Increase (Decrease)</u><br><u>Total OPEB</u><br><u>Liability</u> |
|---|---|
| Balance at June 30, 2018<br><i>(Valuation Date June 30, 2017)</i>   | \$ 41,392,660   |
| Changes recognized for the measurement period:                      |   |
| Service cost  | 2,647,674   |
| Interest  | 1,509,753   |
| Benefit payments  | (751,789)   |
| Change of assumptions   | (425,810)   |
| Difference between expected and actual experience                   | (37,773)  |
| Implicit rate subsidy fulfilled                                     | <u>(1,057,288)</u>  |
| Net changes   | <u>1,884,767</u>  |
| Balance at June 30, 2019<br><i>(Measurement Date June 30, 2018)</i> | <u>\$ 43,277,427</u>  |

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

For the year ended June 30, 2019, the County recognized OPEB expense of \$4,103,521. 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, 2019, the County reported deferred outflows of resources related to OPEB from the following sources:

|  | <u>Deferred</u><br><u>Outflows of</u><br><u>Resources</u> | <u>Deferred</u><br><u>Inflows of</u><br><u>Resources</u> |
|--|---|--|
| OPEB contributions subsequent to measurement date  | \$ 1,892,005  | \$ -   |
| Change of assumptions                              | -   | 376,297  |
| Differences between expected and actual experience | <u>-</u>  | <u>33,380</u>  |
| Total  | <u>\$ 1,892,005</u>                                       | <u>\$ 409,677</u>  |

**COUNTY OF HUMBOLDT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

The \$1,892,005 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ended June 30, 2020. Other amounts reported as deferred outflows of resources or deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows::

| Year Ended<br>June 30 | Deferred<br>Outflows (Inflows)<br>of Resources |
|-----------------------|--|
| 2020                  | \$ (53,906)                                    |
| 2021                  | (53,906)                                       |
| 2022                  | (53,906)                                       |
| 2023                  | (53,906)                                       |
| 2024                  | (53,906)                                       |
| Remaining             | (140,147)                                      |

**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.

|                      | (2.62%)      | (3.62%)       | (4.62%)      |
|----------------------|--------------|---------------|--------------|
| Total OPEB Liability | \$49,304,991 | \$ 43,277,427 | \$38,333,675 |

**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.

|                      | 1% Decrease   | Trend Rates   | 1% Increase   |
|----------------------|---------------|---------------|---------------|
|                      | 5.50%         | 6.50%         | 7.50%         |
|                      | decreasing to | decreasing to | decreasing to |
|                      | 2.84%         | 3.84%         | 4.84%         |
| Total OPEB Liability | \$37,336,101  | \$ 43,277,427 | \$50,755,553  |

**COUNTY OF HUMBOLDT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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.

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:

|                    | 2019                        |   |                    |                             |
|--------------------|-----------------------------|---|--------------------|-----------------------------|
|                    | Balance at<br>June 30, 2018 | Current Year<br>Claims and<br>Changes in<br>Estimates | Claims<br>Payments | Balance at<br>June 30, 2019 |
| Liability and Auto | \$ 2,179,000                | \$ 66,695   | \$ (372,695)       | \$ 1,873,000                |
| Dental             | 127,255                     | 1,367,131   | (1,367,131)        | 127,255                     |
| Unemployment       | 69,373                      | 281,381   | (263,422)          | 87,332                      |
| Total              | \$ 2,375,628                | \$ 1,715,207  | \$ (2,003,248)     | \$ 2,087,587                |

|                    | 2018                        |   |                    |                             |
|--------------------|-----------------------------|---|--------------------|-----------------------------|
|                    | Balance at<br>June 30, 2017 | Current Year<br>Claims and<br>Changes in<br>Estimates | Claims<br>Payments | Balance at<br>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                |

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.

**COUNTY OF HUMBOLDT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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, 2019:

- 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

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, 2019, 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.



**COUNTY OF HUMBOLDT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**B. Legal Actions**

In the opinion of County Counsel, there are potential liabilities as of June 30, 2019 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, 2019, there were outstanding commitments of \$29,197,040 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<br>Deficit |
|---------------------------------|------------------------|
| Northcoast Resource Partnership | \$ 814,698             |
| Debt Service                    | 296,445                |

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 SUBSEQUENT EVENTS**

COVID-19

Subsequent to year end, the World Health Organization declared the spread of the Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the County of Humboldt, COVID-19 may impact various parts of its 2020 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Management believes the County of Humboldt is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

Settlement

On August 20, 2020, the County entered into a settlement agreement resulting in a payout of \$600,000.

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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, 2019**

Last 10 Fiscal Years\*

|  | Safety Plans          |                       |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 2018                  | 2017                  | June 30,<br>2016      | 2015                  | 2014                  |
| <b>TOTAL PENSION LIABILITY</b>   |                       |                       |                       |                       |                       |
| Service Cost   | \$ 4,982,401          | \$ 4,640,621          | \$ 4,080,379          | \$ 4,164,088          | \$ 4,185,384          |
| Interest on Total Pension Liability  | 14,860,932            | 14,038,633            | 13,624,602            | 13,034,283            | 12,485,789            |
| Changes of Assumptions   | (606,417)             | 12,184,884            | -                     | (3,323,361)           | -                     |
| Differences Between Expected and Actual Experience                         | 2,510,714             | (3,324,947)           | (1,272,685)           | (1,673,748)           | -                     |
| Benefit payments, Including Refunds of Employee Contributions              | (9,666,050)           | (8,841,462)           | (8,358,315)           | (7,976,174)           | (7,539,487)           |
| <b>NET CHANGE IN TOTAL PENSION LIABILITY</b>                               | <b>12,081,580</b>     | <b>18,697,729</b>     | <b>8,073,981</b>      | <b>4,225,088</b>      | <b>9,131,686</b>      |
| Total Pension Liability - Beginning  | 208,282,730           | 189,585,001           | 181,511,020           | 177,285,932           | 168,154,246           |
| <b>TOTAL PENSION LIABILITY - ENDING</b>                                    | <b>\$ 220,364,310</b> | <b>\$ 208,282,730</b> | <b>\$ 189,585,001</b> | <b>\$ 181,511,020</b> | <b>\$ 177,285,932</b> |
| <b>PLAN FIDUCIARY NET POSITION</b>   |                       |                       |                       |                       |                       |
| Plan-to-Plan Resource Movement   | \$ (362)              | \$ 18,284             | \$ (957)              | \$ 63,796             | \$ -                  |
| Contributions - Employer   | 5,565,876             | 5,249,061             | 4,757,426             | 4,429,607             | 4,123,350             |
| Contributions - Employee   | 2,174,222             | 1,909,048             | 1,496,334             | 1,439,592             | 1,562,669             |
| Net Investment Income  | 12,286,593            | 14,835,660            | 695,008               | 2,952,599             | 20,056,375            |
| Benefit Payments, Including Refunds of Employee Contributions              | (9,666,050)           | (8,841,462)           | (8,358,315)           | (7,976,174)           | (7,539,487)           |
| Administrative Expense   | (228,413)             | (197,263)             | (82,337)              | (151,945)             | -                     |
| Other Expense  | (433,761)             | -                     | -                     | -                     | -                     |
| <b>NET CHANGE IN PLAN FIDUCIARY NET POSITION</b>                           | <b>9,698,105</b>      | <b>12,973,328</b>     | <b>(1,492,841)</b>    | <b>757,475</b>        | <b>18,202,907</b>     |
| Plan Fiduciary Net Position - Beginning                                    | 146,580,939           | 133,607,611           | 135,100,452           | 134,342,977           | 116,140,070           |
| <b>PLAN FIDUCIARY NET POSITION - ENDING</b>                                | <b>\$ 156,279,044</b> | <b>\$ 146,580,939</b> | <b>\$ 133,607,611</b> | <b>\$ 135,100,452</b> | <b>\$ 134,342,977</b> |
| <b>NET PENSION LIABILITY - ENDING</b>                                      | <b>\$ 64,085,266</b>  | <b>\$ 61,701,791</b>  | <b>\$ 55,977,390</b>  | <b>\$ 46,410,568</b>  | <b>\$ 42,942,955</b>  |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 70.92%                | 70.38%                | 70.47%                | 74.43%                | 75.78%                |
| Covered Payroll  | \$ 17,149,943         | \$ 15,975,698         | \$ 15,694,368         | \$ 15,854,736         | \$ 15,327,146         |
| Net Pension Liability as a Percentage of Covered Payroll                   | 373.68%               | 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, 2019**

Last 10 Fiscal Years\*

|  | Miscellaneous Plans   |                       |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 2018                  | 2017                  | June 30,<br>2016      | 2015                  | 2014                  |
| <b>TOTAL PENSION LIABILITY</b>   |                       |                       |                       |                       |                       |
| Service Cost   | \$ 15,973,515         | \$ 14,807,223         | \$ 13,541,216         | \$ 14,413,398         | \$ 14,832,034         |
| Interest on Total Pension Liability  | 49,302,934            | 44,815,103            | 44,217,175            | 42,412,478            | 40,445,800            |
| Changes of Assumptions   | (4,905,718)           | 34,895,188            | -                     | (9,694,226)           | -                     |
| Differences Between Expected and Actual Experience                         | 11,848,842            | (6,283,979)           | (5,632,041)           | (2,886,636)           | -                     |
| Benefit payments, Including Refunds of Employee Contributions              | (36,338,982)          | (32,334,940)          | (30,746,413)          | (28,451,183)          | (26,255,798)          |
| Change of Allocation   | 29,955,265            | (6,679,562)           | 2,431,847             | -                     | -                     |
| <b>NET CHANGE IN TOTAL PENSION LIABILITY</b>                               | <b>65,835,856</b>     | <b>49,219,033</b>     | <b>23,811,784</b>     | <b>15,793,831</b>     | <b>29,022,036</b>     |
| Total Pension Liability - Beginning  | 662,835,890           | 613,616,857           | 589,805,073           | 574,011,242           | 544,989,205           |
| <b>TOTAL PENSION LIABILITY - ENDING</b>                                    | <b>\$ 728,671,746</b> | <b>\$ 662,835,890</b> | <b>\$ 613,616,857</b> | <b>\$ 589,805,073</b> | <b>\$ 574,011,241</b> |
| <b>PLAN FIDUCIARY NET POSITION</b>   |                       |                       |                       |                       |                       |
| Contributions - Employer   | \$ 20,258,811         | \$ 17,968,022         | \$ 17,903,857         | \$ 17,054,037         | \$ 17,041,711         |
| Contributions - Employee   | 9,206,174             | 7,488,725             | 5,790,381             | 5,870,207             | 6,421,943             |
| Net Investment Income  | 40,029,368            | 46,381,283            | 2,264,291             | 9,592,039             | 62,764,661            |
| Benefit Payments, Including Refunds of Employee Contributions              | (36,338,982)          | (32,334,940)          | (30,746,413)          | (28,451,182)          | (26,255,798)          |
| Plan-to-Plan Resource Movement   | (1,176)               | (16,776)              | 888                   | 12,495                | -                     |
| Administrative Expense   | (743,049)             | (616,193)             | (260,230)             | (478,678)             | -                     |
| Other Expense  | (1,411,063)           | -                     | -                     | -                     | -                     |
| Change of Allocation   | 20,617,871            | (4,593,111)           | 1,753,319             | -                     | -                     |
| <b>NET CHANGE IN PLAN FIDUCIARY NET POSITION</b>                           | <b>51,617,954</b>     | <b>34,277,010</b>     | <b>(3,293,907)</b>    | <b>3,598,918</b>      | <b>59,972,517</b>     |
| Plan Fiduciary Net Position - Beginning                                    | 456,222,460           | 421,945,450           | 425,239,357           | 421,640,439           | 361,667,922           |
| <b>PLAN FIDUCIARY NET POSITION - ENDING</b>                                | <b>\$ 507,840,414</b> | <b>\$ 456,222,460</b> | <b>\$ 421,945,450</b> | <b>\$ 425,239,357</b> | <b>\$ 421,640,439</b> |
| <b>NET PENSION LIABILITY - ENDING</b>                                      | <b>\$ 220,831,332</b> | <b>\$ 206,613,430</b> | <b>\$ 191,671,407</b> | <b>\$ 164,565,716</b> | <b>\$ 152,370,802</b> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 69.69%                | 68.83%                | 68.76%                | 72.10%                | 73.46%                |
| Covered Payroll  | \$ 90,543,756         | \$ 85,210,721         | \$ 83,148,866         | \$ 86,528,224         | \$ 83,737,864         |
| Net Pension Liability as a Percentage of Covered Payroll                   | 243.89%               | 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, 2019**

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, 2019 | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 |
| Actuarially Determined Contribution                              | \$ 5,851,920  | \$ 5,872,050  | \$ 5,249,061  | \$ 4,757,426  | \$ 4,429,607  |
| Contributions Related to the Actuarially Determined Contribution | 5,851,920     | 5,872,050     | 5,249,061     | 4,757,426     | 4,429,607     |
| Contribution Deficiency (Excess)                                 | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   |
| County's Covered Payroll   | \$ 17,492,942 | \$ 17,149,943 | \$ 15,975,698 | \$ 15,694,368 | \$ 15,854,736 |
| Contributions as a Percentage of Covered Payroll                 | 33.45 %       | 34.24 %       | 32.86 %       | 30.31 %       | 27.94 %       |
|  | Miscellaneous |               |               |               |               |
|  | June 30, 2019 | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 |
| Actuarially Determined Contribution                              | \$ 22,495,592 | \$ 20,100,573 | \$ 19,582,944 | \$ 19,300,602 | \$ 18,460,286 |
| Contributions Related to the Actuarially Determined Contribution | 22,495,592    | 20,100,573    | 19,582,944    | 19,300,602    | 18,460,286    |
| Contribution Deficiency (Excess)                                 | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   |
| County's Covered Payroll   | \$ 92,354,631 | \$ 90,543,756 | \$ 85,210,731 | \$ 83,148,866 | \$ 86,258,224 |
| Contributions as a Percentage of Covered Payroll                 | 24.36%        | 22.20%        | 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, 2019**

| Last 10 Fiscal Years*   | <u>Reporting Year</u><br><u>June 30, 2019</u> | <u>Reporting Year</u><br><u>June 30, 2018</u> |
|---|---|---|
| <b>TOTAL OPEB LIABILITY</b>                                       |   |   |
| Service Cost  | \$ 2,647,674                                  | \$ 2,573,681                                  |
| Interest on Total OPEB Liability                                  | 1,509,753                                     | 1,429,674                                     |
| Difference between expected and actual experience                 | (37,773)                                      | -   |
| Change of assumptions   | (425,810)                                     | -   |
| Benefit Payments  | (751,789)                                     | (733,082)                                     |
| Implicit Rate Subsidy Fulfilled                                   | <u>(1,057,288)</u>                            | <u>(1,021,534)</u>                            |
| <b>NET CHANGE IN TOTAL OPEB LIABILITY</b>                         | 1,884,767                                     | 2,248,739                                     |
| Total OPEB Liability - Beginning                                  | <u>41,392,660</u>                             | <u>39,143,921</u>                             |
| <b>TOTAL OPEB LIABILITY - ENDING</b>                              | <u>\$ 43,277,427</u>                          | <u>\$ 41,392,660</u>                          |
| <br>  |   |   |
| Covered Employee Payroll  | \$ 106,830,722                                | \$ 103,971,506                                |
| <br>  |   |   |
| Net OPEB Liability as a Percentage of<br>Covered Employee Payroll | 40.51%  | 39.81%  |

\*Fiscal year 2018 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  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2019**

|  | Budgeted Amounts     |                      | Actual               | Variance with<br>Final Budget |
|--|----------------------|----------------------|----------------------|-------------------------------|
|  | Original             | Final                |                      |                               |
| <b>REVENUES</b>  |                      |                      |                      |                               |
| Taxes  | \$ 77,370,296        | \$ 87,259,932        | \$ 78,828,486        | \$ (8,431,446)                |
| Licenses and Permits   | 4,374,344            | 5,555,344            | 4,700,105            | (855,239)                     |
| Fines, Forfeits, and Penalties                                       | 3,883,807            | 3,903,714            | 4,787,515            | 883,801                       |
| Use of Money and Property  | 285,122              | 285,122              | 739,229              | 454,107                       |
| Aid from Other Governments   | 220,306,573          | 230,668,396          | 166,134,346          | (64,534,050)                  |
| Charges for Services   | 53,364,417           | 53,593,022           | 37,462,720           | (16,130,302)                  |
| Other Revenue  | 12,964,668           | 13,702,796           | 2,421,550            | (11,281,246)                  |
| Total Revenues   | <u>372,549,227</u>   | <u>394,968,326</u>   | <u>295,073,951</u>   | <u>(99,894,375)</u>           |
| <b>EXPENDITURES</b>  |                      |                      |                      |                               |
| Current:   |                      |                      |                      |                               |
| General Government   | 56,057,308           | 60,514,395           | 21,813,747           | 38,700,648                    |
| Public Protection  | 90,386,555           | 96,213,128           | 85,220,580           | 10,992,548                    |
| Public Way and Facilities  | 2,683,381            | 2,683,381            | 2,664,722            | 18,659                        |
| Health and Sanitation  | 87,113,115           | 88,982,260           | 80,241,787           | 8,740,473                     |
| Public Assistance  | 133,001,066          | 138,467,627          | 118,583,154          | 19,884,473                    |
| Education  | 193,362              | 193,362              | 180,123              | 13,239                        |
| Recreation and Culture   | 2,103,663            | 2,192,142            | 1,538,387            | 653,755                       |
| Contingencies  | 3,085,218            | 6,941,680            | -                    | 6,941,680                     |
| Total Expenditures   | <u>374,623,668</u>   | <u>396,187,975</u>   | <u>310,242,500</u>   | <u>85,945,475</u>             |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <u>(2,074,441)</u>   | <u>(1,219,649)</u>   | <u>(15,168,549)</u>  | <u>(13,948,900)</u>           |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                      |                      |                      |                               |
| Transfers In   | 9,499,404            | 10,325,636           | 3,930,039            | (6,395,597)                   |
| Transfers Out  | (12,940,488)         | (23,815,233)         | (9,907,374)          | 13,907,859                    |
| Total Other Financing<br>Sources (Uses)                              | <u>(3,441,084)</u>   | <u>(13,489,597)</u>  | <u>(5,977,335)</u>   | <u>7,512,262</u>              |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | (5,515,525)          | (14,709,246)         | (21,145,884)         | (6,436,638)                   |
| Budgetary Fund Balances, Beginning<br>of Year                        | <u>32,783,190</u>    | <u>32,783,190</u>    | <u>32,783,190</u>    | <u>-</u>                      |
| <b>BUDGETARY FUND BALANCES - END<br/>OF YEAR</b>                     | <u>\$ 27,267,665</u> | <u>\$ 18,073,944</u> | <u>\$ 11,637,306</u> | <u>\$ (6,436,638)</u>         |

See accompanying Notes to Required Supplementary Information.

**COUNTY OF HUMBOLDT  
 BUDGETARY COMPARISON SCHEDULE (CONTINUED)  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2019**

(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   | \$ 295,073,951            |
| Receipts from Funds Reclassified from County Agency Funds, Not Budgeted   | <u>16,621,529</u>         |
| <br>Total Revenues as Reported on the Statement of Revenues, Expenditures, and<br>Changes in Fund Balances - Governmental Funds | <br><u>\$ 311,695,480</u> |

Uses/Outflows of Resources

|   |                           |
|---|---------------------------|
| Actual Amounts from the Budgetary Comparison Schedule   | \$ 310,242,500            |
| Disbursements from Funds Reclassified from County Agency Funds, Not Budgeted  | <u>4,146,494</u>          |
| <br>Total Expenditures as Reported on the Statement of Revenues, Expenditures, and<br>Changes in Fund Balances - Governmental Funds | <br><u>\$ 314,388,994</u> |

*See accompanying Notes to Required Supplementary Information.*

**COUNTY OF HUMBOLDT  
BUDGETARY COMPARISON SCHEDULE  
ROAD FUND  
YEAR ENDED JUNE 30, 2019**

|  | Budgeted Amounts    |                     | Actual            | Variance with<br>Final Budget |
|--|---------------------|---------------------|-------------------|-------------------------------|
|  | Original            | Final               |                   |                               |
| <b>REVENUES</b>  |                     |                     |                   |                               |
| Taxes  | \$ 2,810,200        | \$ 2,810,200        | \$ 3,570,707      | \$ 760,507                    |
| Licenses and Permits   | 69,350              | 69,350              | 103,748           | 34,398                        |
| Use of Money and Property  | (15,000)            | (15,000)            | (25,318)          | (10,318)                      |
| Aid from Other Governments   | 24,563,504          | 25,217,303          | 20,901,158        | (4,316,145)                   |
| Charges for Services   | 681,000             | 681,000             | 1,034,393         | 353,393                       |
| Other Revenue  | 1,008,030           | 1,008,030           | 36,233            | (971,797)                     |
| Total Revenues   | <u>29,117,084</u>   | <u>29,770,883</u>   | <u>25,620,921</u> | <u>(4,149,962)</u>            |
| <b>EXPENDITURES</b>  |                     |                     |                   |                               |
| Current:   |                     |                     |                   |                               |
| Public Way and Facilities  | <u>29,526,689</u>   | <u>29,531,689</u>   | <u>24,887,762</u> | <u>4,643,927</u>              |
| Total Expenditures   | <u>29,526,689</u>   | <u>29,531,689</u>   | <u>24,887,762</u> | <u>4,643,927</u>              |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <u>(409,605)</u>    | <u>239,194</u>      | <u>733,159</u>    | <u>493,965</u>                |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                     |                     |                   |                               |
| Transfers In   | -                   | 5,000               | 10,235            | 5,235                         |
| Transfers Out  | <u>(50,788)</u>     | <u>(50,788)</u>     | <u>(49,773)</u>   | <u>1,015</u>                  |
| Total Other Financing<br>Sources (Uses)                              | <u>(50,788)</u>     | <u>(45,788)</u>     | <u>(39,538)</u>   | <u>6,250</u>                  |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | (460,393)           | 193,406             | 693,621           | 500,215                       |
| Budgetary Fund Balances, Beginning<br>of Year                        | <u>(526,734)</u>    | <u>(526,734)</u>    | <u>(526,734)</u>  | <u>-</u>                      |
| <b>BUDGETARY FUND BALANCES - END<br/>OF YEAR</b>                     | <u>\$ (987,127)</u> | <u>\$ (333,328)</u> | <u>\$ 166,887</u> | <u>\$ 500,215</u>             |

See accompanying Notes to Required Supplementary Information.

**COUNTY OF HUMBOLDT  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2019**

**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**

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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, 2019**

|  | Special Revenue     |                            |                     |                                 |
|--|---------------------|----------------------------|---------------------|---------------------------------|
|  | Family<br>Support   | Courthouse<br>Construction | County<br>Library   | Fish and<br>Game<br>Propagation |
| <b>ASSETS</b>  |                     |                            |                     |                                 |
| Cash and Investments   | \$ 2,116,503        | \$ 1,112,743               | \$ 1,375,584        | \$ 30,748                       |
| Departmental Cash Funds  | -                   | -                          | 865                 | -                               |
| Receivables  | -                   | -                          | -                   | -                               |
| Prepays  | 5,157               | -                          | -                   | -                               |
| Advances to Other Funds  | -                   | -                          | -                   | -                               |
| Total Assets   | <u>\$ 2,121,660</u> | <u>\$ 1,112,743</u>        | <u>\$ 1,376,449</u> | <u>\$ 30,748</u>                |
| <b>LIABILITIES</b>   |                     |                            |                     |                                 |
| Accounts Payable   | \$ 26,216           | \$ -                       | \$ 67,818           | \$ 3,402                        |
| Salaries and Benefits Payable  | 126,746             | -                          | 85,051              | -                               |
| Due to Other Funds   | -                   | -                          | -                   | -                               |
| Total Liabilities  | <u>152,962</u>      | <u>-</u>                   | <u>152,869</u>      | <u>3,402</u>                    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                   |                     |                            |                     |                                 |
| Unavailable Revenue  | -                   | -                          | -                   | -                               |
| <b>FUND BALANCE</b>  |                     |                            |                     |                                 |
| Nonspendable   | 5,157               | -                          | -                   | -                               |
| Restricted   | 1,963,541           | 1,112,743                  | 1,223,580           | 27,346                          |
| Unassigned   | -                   | -                          | -                   | -                               |
| Total Fund Balances  | <u>1,968,698</u>    | <u>1,112,743</u>           | <u>1,223,580</u>    | <u>27,346</u>                   |
| Total Liabilities, Deferred Inflows of<br>Resources, and Fund Balances | <u>\$ 2,121,660</u> | <u>\$ 1,112,743</u>        | <u>\$ 1,376,449</u> | <u>\$ 30,748</u>                |

**COUNTY OF HUMBOLDT  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019**

|  | Special Revenue                       |  | Debt Service     |                     |
|--|---------------------------------------|--|------------------|---------------------|
|  | Northcoast<br>Resource<br>Partnership | Special Districts<br>Under County<br>Board of<br>Supervisors | Debt<br>Service  | Total               |
|  |                                       |  |                  |                     |
| <b>ASSETS</b>  |                                       |  |                  |                     |
| Cash and Investments   | \$ -                                  | \$ 911,372   | \$ -             | \$ 5,546,950        |
| Departmental Cash Funds  | -                                     | -  | -                | 865                 |
| Receivables  | 59,416                                | -  | -                | 59,416              |
| Prepays  | -                                     | -  | -                | 5,157               |
| Advances to Other Funds  | -                                     | -  | -                | -                   |
|  |                                       |  |                  |                     |
| Total Assets   | <u>\$ 59,416</u>                      | <u>\$ 911,372</u>  | <u>\$ -</u>      | <u>\$ 5,612,388</u> |
| <b>LIABILITIES</b>   |                                       |  |                  |                     |
| Accounts Payable   | \$ 270,608                            | \$ 37,826  | \$ -             | \$ 405,870          |
| Salaries and Benefits Payable  | 14,117                                | -  | -                | 225,914             |
| Due to Other Funds   | 589,389                               | -  | 296,445          | 885,834             |
| Total Liabilities  | <u>874,114</u>                        | <u>37,826</u>  | <u>296,445</u>   | <u>1,517,618</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                   |                                       |  |                  |                     |
| Unavailable Revenue  | -                                     | -  | -                | -                   |
| <b>FUND BALANCE</b>  |                                       |  |                  |                     |
| Nonspendable   | -                                     | -  | -                | 5,157               |
| Restricted   | -                                     | 873,546  | -                | 5,200,756           |
| Unassigned   | (814,698)                             | -  | (296,445)        | (1,111,143)         |
| Total Fund Balances  | <u>(814,698)</u>                      | <u>873,546</u>   | <u>(296,445)</u> | <u>4,094,770</u>    |
|  |                                       |  |                  |                     |
| Total Liabilities, Deferred Inflows of<br>Resources, and Fund Balances | <u>\$ 59,416</u>                      | <u>\$ 911,372</u>  | <u>\$ -</u>      | <u>\$ 5,612,388</u> |

**COUNTY OF HUMBOLDT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2019**

|  | Special Revenue     |                            |                     |                                 |
|--|---------------------|----------------------------|---------------------|---------------------------------|
|  | Family<br>Support   | Courthouse<br>Construction | County<br>Library   | Fish and<br>Game<br>Propagation |
| <b>REVENUES</b>  |                     |                            |                     |                                 |
| Taxes  | \$ -                | \$ -                       | \$ 2,681,969        | \$ -                            |
| Licenses and Permits   | -                   | -                          | -                   | -                               |
| Fines, Forfeitures, and Penalties                                    | -                   | 390,501                    | -                   | 7,956                           |
| Use of Money and Property  | 34,608              | 20,539                     | 15,811              | 524                             |
| Intergovernmental  | 4,561,052           | -                          | 410,165             | -                               |
| Charges for Services   | -                   | -                          | 55,468              | -                               |
| Miscellaneous  | -                   | -                          | 315,931             | -                               |
| Total Revenues   | <u>4,595,660</u>    | <u>411,040</u>             | <u>3,479,344</u>    | <u>8,480</u>                    |
| <b>EXPENDITURES</b>  |                     |                            |                     |                                 |
| Current:   |                     |                            |                     |                                 |
| Public Protection  | 4,341,609           | -                          | -                   | 10,402                          |
| Education  | -                   | -                          | 3,598,876           | -                               |
| Debt Service:  |                     |                            |                     |                                 |
| Principal  | -                   | -                          | -                   | -                               |
| Interest and Other Charges   | -                   | 13,405                     | -                   | -                               |
| Total Expenditures   | <u>4,341,609</u>    | <u>13,405</u>              | <u>3,598,876</u>    | <u>10,402</u>                   |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | 254,051             | 397,635                    | (119,532)           | (1,922)                         |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                     |                            |                     |                                 |
| Transfers In   | -                   | -                          | 395,603             | -                               |
| Transfers Out  | (22,471)            | (870,190)                  | (69,766)            | -                               |
| Total Other Financing Sources (Uses)                                 | <u>(22,471)</u>     | <u>(870,190)</u>           | <u>325,837</u>      | <u>-</u>                        |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | 231,580             | (472,555)                  | 206,305             | (1,922)                         |
| Fund Balances - Beginning of Year                                    | <u>1,737,118</u>    | <u>1,585,298</u>           | <u>1,017,275</u>    | <u>29,268</u>                   |
| <b>FUND BALANCES - END OF YEAR</b>                                   | <u>\$ 1,968,698</u> | <u>\$ 1,112,743</u>        | <u>\$ 1,223,580</u> | <u>\$ 27,346</u>                |

**COUNTY OF HUMBOLDT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2019**

|  | Special Revenue                       |  | Debt Service        |                     |
|--|---------------------------------------|--|---------------------|---------------------|
|  | Northcoast<br>Resource<br>Partnership | Special Districts<br>Under County<br>Board of<br>Supervisors | Debt<br>Service     | Total               |
|  |                                       |  |                     |                     |
| <b>REVENUES</b>  |                                       |  |                     |                     |
| Taxes  | \$ -                                  | \$ 388,358   | \$ -                | \$ 3,070,327        |
| Licenses and Permits   | -                                     | 42   | -                   | 42                  |
| Fines, Forfeitures, and Penalties                                    | -                                     | -  | -                   | 398,457             |
| Use of Money and Property  | (1,018)                               | 14,341   | 2,851               | 87,656              |
| Intergovernmental  | 7,602,279                             | 65,745   | -                   | 12,639,241          |
| Charges for Services   | 24,673                                | -  | -                   | 80,141              |
| Miscellaneous  | -                                     | 20,686   | 14,340              | 350,957             |
| Total Revenues   | <u>7,625,934</u>                      | <u>489,172</u>   | <u>17,191</u>       | <u>16,626,821</u>   |
| <b>EXPENDITURES</b>  |                                       |  |                     |                     |
| Current:   |                                       |  |                     |                     |
| Public Protection  | 8,876,842                             | 207,560  | -                   | 13,436,413          |
| Education  | -                                     | -  | -                   | 3,598,876           |
| Debt Service:  |                                       |  |                     |                     |
| Principal  | -                                     | -  | 1,330,000           | 1,330,000           |
| Interest and Other Charges   | -                                     | -  | 280,133             | 293,538             |
| Total Expenditures   | <u>8,876,842</u>                      | <u>207,560</u>   | <u>1,610,133</u>    | <u>18,658,827</u>   |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | (1,250,908)                           | 281,612  | (1,592,942)         | (2,032,006)         |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                                       |  |                     |                     |
| Transfers In   | 817,108                               | -  | 1,641,128           | 2,853,839           |
| Transfers Out  | (2,627)                               | (182,631)  | (338,454)           | (1,486,139)         |
| Total Other Financing Sources (Uses)                                 | <u>814,481</u>                        | <u>(182,631)</u>   | <u>1,302,674</u>    | <u>1,367,700</u>    |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | (436,427)                             | 98,981   | (290,268)           | (664,306)           |
| Fund Balances - Beginning of Year                                    | <u>(378,271)</u>                      | <u>774,565</u>   | <u>(6,177)</u>      | <u>4,759,076</u>    |
| <b>FUND BALANCES - END OF YEAR</b>                                   | <u>\$ (814,698)</u>                   | <u>\$ 873,546</u>  | <u>\$ (296,445)</u> | <u>\$ 4,094,770</u> |

## **INTERNAL SERVICE FUNDS**

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**COUNTY OF HUMBOLDT  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2019**

|                                  | <u>Heavy<br/>Equipment</u> | <u>Information<br/>Technology</u> | <u>Central<br/>Services</u> | <u>Communications</u> |
|----------------------------------|----------------------------|-----------------------------------|-----------------------------|-----------------------|
| <b>ASSETS</b>                    |                            |                                   |                             |                       |
| Current Assets:                  |                            |                                   |                             |                       |
| Cash and Cash Equivalents        | \$ 2,045,277               | \$ 1,570,835                      | \$ 206,438                  | \$ 2,597,359          |
| Accounts Receivable              | 2,215                      | -                                 | -                           | -                     |
| Due from Other Funds             | -                          | -                                 | -                           | -                     |
| Prepaid Expenses                 | -                          | 1,031                             | -                           | -                     |
| Total Current Assets             | <u>2,047,492</u>           | <u>1,571,866</u>                  | <u>206,438</u>              | <u>2,597,359</u>      |
| Noncurrent Assets:               |                            |                                   |                             |                       |
| Capital Assets:                  |                            |                                   |                             |                       |
| Nondepreciable                   | -                          | -                                 | -                           | 1,152,714             |
| Depreciable, Net of Depreciation | <u>3,634,261</u>           | <u>382,818</u>                    | <u>6,969</u>                | <u>343,257</u>        |
| Total Noncurrent Assets          | <u>3,634,261</u>           | <u>382,818</u>                    | <u>6,969</u>                | <u>1,495,971</u>      |
| Total Assets                     | <u>5,681,753</u>           | <u>1,954,684</u>                  | <u>213,407</u>              | <u>4,093,330</u>      |
| <b>LIABILITIES</b>               |                            |                                   |                             |                       |
| Current Liabilities:             |                            |                                   |                             |                       |
| Accounts Payable                 | 142,473                    | 266,688                           | 1,106                       | 68,377                |
| Accrued Payroll and Benefits     | 27,178                     | 75,534                            | 10,719                      | 3,273                 |
| Due to Other Funds               | -                          | 1,096,442                         | -                           | -                     |
| Capital Leases                   | 291,492                    | -                                 | -                           | -                     |
| Compensated Absences             | 32,218                     | 76,139                            | 7,769                       | 1,933                 |
| Provision for Estimated Claims   | -                          | -                                 | -                           | -                     |
| Total Current Liabilities        | <u>493,361</u>             | <u>1,514,803</u>                  | <u>19,594</u>               | <u>73,583</u>         |
| Long-Term Liabilities:           |                            |                                   |                             |                       |
| Capital Leases                   | 1,078,981                  | -                                 | -                           | -                     |
| Compensated Absences             | <u>3,682</u>               | <u>24,454</u>                     | <u>5,006</u>                | <u>123</u>            |
| Total Noncurrent Liabilities     | <u>1,082,663</u>           | <u>24,454</u>                     | <u>5,006</u>                | <u>123</u>            |
| Total Liabilities                | <u>1,576,024</u>           | <u>1,539,257</u>                  | <u>24,600</u>               | <u>73,706</u>         |
| <b>NET POSITION</b>              |                            |                                   |                             |                       |
| Net Investment in Capital Assets | 2,263,788                  | 382,818                           | 6,969                       | 1,495,971             |
| Unrestricted                     | <u>1,841,941</u>           | <u>32,609</u>                     | <u>181,838</u>              | <u>2,523,653</u>      |
| Total Net Position               | <u>\$ 4,105,729</u>        | <u>\$ 415,427</u>                 | <u>\$ 188,807</u>           | <u>\$ 4,019,624</u>   |



**COUNTY OF HUMBOLDT  
COMBINING STATEMENT OF NET POSITION (CONTINUED)  
INTERNAL SERVICE FUNDS  
JUNE 30, 2019**

|                                  | Motor Pool           | ADA<br>Compliance | Insurance<br>Funds  | Total                |
|----------------------------------|----------------------|-------------------|---------------------|----------------------|
| <b>ASSETS</b>                    |                      |                   |                     |                      |
| Current Assets:                  |                      |                   |                     |                      |
| Cash and Cash Equivalents        | \$ 3,329,213         | \$ 1,235,832      | \$ 10,045,431       | \$ 21,030,385        |
| Accounts Receivable              | -                    | -                 | -                   | 2,215                |
| Due from Other Funds             | -                    | -                 | 17,250              | 17,250               |
| Prepaid Expenses                 | -                    | -                 | 61,873              | 62,904               |
| Total Current Assets             | <u>3,329,213</u>     | <u>1,235,832</u>  | <u>10,124,554</u>   | <u>21,112,754</u>    |
| Noncurrent Assets:               |                      |                   |                     |                      |
| Capital Assets:                  |                      |                   |                     |                      |
| Nondepreciable                   | -                    | -                 | -                   | 1,152,714            |
| Depreciable, Net of Depreciation | 7,743,196            | 7,247             | -                   | 12,117,748           |
| Total Noncurrent Assets          | <u>7,743,196</u>     | <u>7,247</u>      | <u>-</u>            | <u>13,270,462</u>    |
| Total Assets                     | <u>11,072,409</u>    | <u>1,243,079</u>  | <u>10,124,554</u>   | <u>34,383,216</u>    |
| <b>LIABILITIES</b>               |                      |                   |                     |                      |
| Current Liabilities:             |                      |                   |                     |                      |
| Accounts Payable                 | 219,547              | 327,600           | 454,194             | 1,479,985            |
| Accrued Payroll and Benefits     | 20,779               | 19,181            | 33,250              | 189,914              |
| Due to Other Funds               | -                    | -                 | -                   | 1,096,442            |
| Capital Leases                   | -                    | -                 | -                   | 291,492              |
| Compensated Absences             | 33,263               | 40,481            | 54,776              | 246,579              |
| Provision for Estimated Claims   | -                    | -                 | 2,087,587           | 2,087,587            |
| Total Current Liabilities        | <u>273,589</u>       | <u>387,262</u>    | <u>2,629,807</u>    | <u>5,391,999</u>     |
| Long-Term Liabilities:           |                      |                   |                     |                      |
| Capital Leases                   | -                    | -                 | -                   | 1,078,981            |
| Compensated Absences             | 17,281               | 81,839            | -                   | 132,385              |
| Total Noncurrent Liabilities     | <u>17,281</u>        | <u>81,839</u>     | <u>-</u>            | <u>1,211,366</u>     |
| Total Liabilities                | <u>290,870</u>       | <u>469,101</u>    | <u>2,629,807</u>    | <u>6,603,365</u>     |
| <b>NET POSITION</b>              |                      |                   |                     |                      |
| Net Investment in Capital Assets | 7,743,196            | 7,247             | -                   | 11,899,989           |
| Unrestricted                     | 3,038,343            | 766,731           | 7,494,747           | 15,879,862           |
| Total Net Position               | <u>\$ 10,781,539</u> | <u>\$ 773,978</u> | <u>\$ 7,494,747</u> | <u>\$ 27,779,851</u> |

**COUNTY OF HUMBOLDT  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2019**

|   | Heavy<br>Equipment  | Information<br>Technology | Central<br>Services | Communications      |
|---|---------------------|---------------------------|---------------------|---------------------|
| <b>OPERATING REVENUES</b>                 |                     |                           |                     |                     |
| Charges for Services                      | \$ 2,774,948        | \$ 3,710,108              | \$ 287,578          | \$ 151,427          |
| Miscellaneous Revenues                    | 123,105             | 12                        | 29,187              | 29,502              |
| Total Operating Revenues                  | <u>2,898,053</u>    | <u>3,710,120</u>          | <u>316,765</u>      | <u>180,929</u>      |
| <b>OPERATING EXPENSES</b>                 |                     |                           |                     |                     |
| Salaries and Benefits                     | 883,580             | 1,771,302                 | 261,992             | 75,303              |
| Services and Supplies                     | 1,197,497           | 2,650,252                 | 50,656              | 138,955             |
| Self-Insurance Claims                     | -                   | -                         | -                   | -                   |
| Depreciation                              | 369,909             | 249,971                   | 4,548               | 65,480              |
| Total Operating Expenses                  | <u>2,450,986</u>    | <u>4,671,525</u>          | <u>317,196</u>      | <u>279,738</u>      |
| <b>NET OPERATING INCOME (LOSS)</b>        | <u>447,067</u>      | <u>(961,405)</u>          | <u>(431)</u>        | <u>(98,809)</u>     |
| <b>NONOPERATING REVENUES (EXPENSES)</b>   |                     |                           |                     |                     |
| Interest Income                           | 20,663              | -                         | -                   | -                   |
| Operating Grants                          | -                   | -                         | -                   | 750,000             |
| Contributions of Capital Assets           | -                   | -                         | -                   | -                   |
| Sale of Capital Assets                    | -                   | 2,400                     | -                   | -                   |
| Total Nonoperating Revenues<br>(Expenses) | <u>20,663</u>       | <u>2,400</u>              | <u>-</u>            | <u>750,000</u>      |
| Income (Loss) Before Transfers            | 467,730             | (959,005)                 | (431)               | 651,191             |
| Capital Contributions                     | -                   | -                         | -                   | -                   |
| Transfers In                              | -                   | 129,975                   | -                   | 2,854,139           |
| Transfers Out                             | <u>(5,546)</u>      | <u>(11,999)</u>           | <u>(1,729)</u>      | <u>(466)</u>        |
| <b>CHANGE IN NET POSITION</b>             | 462,184             | (841,029)                 | (2,160)             | 3,504,864           |
| Net Position - Beginning of Year          | <u>3,643,545</u>    | <u>1,256,456</u>          | <u>190,967</u>      | <u>514,760</u>      |
| <b>NET POSITION - END OF YEAR</b>         | <u>\$ 4,105,729</u> | <u>\$ 415,427</u>         | <u>\$ 188,807</u>   | <u>\$ 4,019,624</u> |

**COUNTY OF HUMBOLDT  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION (CONTINUED)  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2019**

|   | Motor Pool           | ADA<br>Compliance  | Insurance<br>Funds  | Total                |
|---|----------------------|--------------------|---------------------|----------------------|
| <b>OPERATING REVENUES</b>                 |                      |                    |                     |                      |
| Charges for Services                      | \$ 1,924,309         | \$ 2,144,468       | \$ 30,216,098       | \$ 41,208,936        |
| Miscellaneous Revenues                    | 1,377,069            | 18,239             | 109,318             | 1,686,432            |
| Total Operating Revenues                  | <u>3,301,378</u>     | <u>2,162,707</u>   | <u>30,325,416</u>   | <u>42,895,368</u>    |
| <b>OPERATING EXPENSES</b>                 |                      |                    |                     |                      |
| Salaries and Benefits                     | 580,652              | 462,843            | 501,166             | 4,536,838            |
| Services and Supplies                     | 2,034,420            | 1,111,816          | 27,325,565          | 34,509,161           |
| Self-Insurance Claims                     | -                    | -                  | 1,715,207           | 1,715,207            |
| Depreciation                              | 1,094,639            | 2,071              | -                   | 1,786,618            |
| Total Operating Expenses                  | <u>3,709,711</u>     | <u>1,576,730</u>   | <u>29,541,938</u>   | <u>42,547,824</u>    |
| <b>NET OPERATING INCOME (LOSS)</b>        | <u>(408,333)</u>     | <u>585,977</u>     | <u>783,478</u>      | <u>347,544</u>       |
| <b>NONOPERATING REVENUES (EXPENSES)</b>   |                      |                    |                     |                      |
| Interest Income                           | 63,420               | 25,365             | 129,386             | 238,834              |
| Operating Grants                          | -                    | -                  | -                   | 750,000              |
| Contributions of Capital Assets           | -                    | (1,854,641)        | -                   | (1,854,641)          |
| Sale of Capital Assets                    | 38,283               | -                  | -                   | 40,683               |
| Total Nonoperating Revenues<br>(Expenses) | <u>101,703</u>       | <u>(1,829,276)</u> | <u>129,386</u>      | <u>(825,124)</u>     |
| Income (Loss) Before Transfers            | (306,630)            | (1,243,299)        | 912,864             | (477,580)            |
| Capital Contributions                     | 583,578              | -                  | -                   | 583,578              |
| Transfers In                              | -                    | 1,166,053          | -                   | 4,150,167            |
| Transfers Out                             | (3,153)              | (3,111)            | (5,355)             | (31,359)             |
| <b>CHANGE IN NET POSITION</b>             | 273,795              | (80,357)           | 907,509             | 4,224,806            |
| Net Position - Beginning of Year          | <u>10,507,744</u>    | <u>854,335</u>     | <u>6,587,238</u>    | <u>23,555,045</u>    |
| <b>NET POSITION - END OF YEAR</b>         | <u>\$ 10,781,539</u> | <u>\$ 773,978</u>  | <u>\$ 7,494,747</u> | <u>\$ 27,779,851</u> |

**COUNTY OF HUMBOLDT  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2019**

|   | <u>Heavy<br/>Equipment</u> | <u>Information<br/>Technology</u> | <u>Central<br/>Services</u> | <u>Communications</u>      |
|---|----------------------------|-----------------------------------|-----------------------------|----------------------------|
| <b>CASH FLOWS FROM OPERATING<br/>ACTIVITIES</b>                         |                            |                                   |                             |                            |
| Cash Receipts from Interfund Services<br>Provided                       | \$ 2,898,739               | \$ 3,710,120                      | \$ 316,765                  | \$ 180,929                 |
| Cash Paid to Suppliers for Goods and<br>Services                        | (1,174,783)                | (2,512,129)                       | (56,969)                    | (76,721)                   |
| Cash Paid to Employees  | <u>(877,842)</u>           | <u>(1,728,571)</u>                | <u>(267,295)</u>            | <u>(74,979)</u>            |
| Net Cash Provided (Used) by<br>Operating Activities                     | <u>846,114</u>             | <u>(530,580)</u>                  | <u>(7,499)</u>              | <u>29,229</u>              |
| <b>CASH FLOWS FROM NONCAPITAL<br/>FINANCING ACTIVITIES</b>              |                            |                                   |                             |                            |
| Operating Grants  | -                          | -                                 | -                           | 750,000                    |
| Transfers From Other Funds  | -                          | 1,226,417                         |                             | 2,854,139                  |
| Transfers To Other Funds  | <u>(5,546)</u>             | <u>(11,999)</u>                   | <u>(1,729)</u>              | <u>(466)</u>               |
| Net Cash Provided (Used) by<br>Noncapital Financing Activities          | <u>(5,546)</u>             | <u>1,214,418</u>                  | <u>(1,729)</u>              | <u>3,603,673</u>           |
| <b>CASH FLOWS FROM CAPITAL AND<br/>RELATED FINANCING ACTIVITIES</b>     |                            |                                   |                             |                            |
| Capital grants  | -                          | -                                 | -                           | -                          |
| Proceeds from Sale of Capital Assets                                    |                            | 116,858                           |                             |                            |
| Purchase of Capital Assets  | <u>(238,860)</u>           | <u>-</u>                          | <u>-</u>                    | <u>(1,164,889)</u>         |
| Net Cash Provided (Used) by Capital<br>and Related Financing Activities | <u>(238,860)</u>           | <u>116,858</u>                    | <u>-</u>                    | <u>(1,164,889)</u>         |
| <b>CASH FLOWS FROM INVESTING<br/>ACTIVITIES</b>                         |                            |                                   |                             |                            |
| Interest Received (Paid)  | <u>20,663</u>              | <u>-</u>                          | <u>-</u>                    | <u>-</u>                   |
| <b>NET INCREASE (DECREASE) IN CASH<br/>AND CASH EQUIVALENTS</b>         | 622,371                    | 800,696                           | (9,228)                     | 2,468,013                  |
| Cash and Cash Equivalents - Beginning<br>of Year                        | <u>1,422,906</u>           | <u>770,139</u>                    | <u>215,666</u>              | <u>129,346</u>             |
| <b>CASH AND CASH EQUIVALENTS - END<br/>OF YEAR</b>                      | <u><u>\$ 2,045,277</u></u> | <u><u>\$ 1,570,835</u></u>        | <u><u>\$ 206,438</u></u>    | <u><u>\$ 2,597,359</u></u> |

**COUNTY OF HUMBOLDT  
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2019**

|   | Motor Pool                 | ADA<br>Compliance          | Insurance<br>Funds          | Total                       |
|---|----------------------------|----------------------------|-----------------------------|-----------------------------|
| <b>CASH FLOWS FROM OPERATING<br/>ACTIVITIES</b>                         |                            |                            |                             |                             |
| Cash Receipts from Interfund Services<br>Provided                       | \$ 3,308,014               | \$ 2,162,707               | \$ 30,308,435               | \$ 42,885,709               |
| Cash Paid to Suppliers for Goods and<br>Services                        | (2,097,558)                | (1,084,223)                | (29,017,113)                | (36,019,496)                |
| Cash Paid to Employees  | (557,864)                  | (428,606)                  | (491,073)                   | (4,426,230)                 |
| Net Cash Provided (Used) by<br>Operating Activities                     | <u>652,592</u>             | <u>649,878</u>             | <u>800,249</u>              | <u>2,439,983</u>            |
| <b>CASH FLOWS FROM NONCAPITAL<br/>FINANCING ACTIVITIES</b>              |                            |                            |                             |                             |
| Operating Grants  | -                          | -                          | -                           | 750,000                     |
| Transfers From Other Funds  | 617,130                    | 1,166,053                  | -                           | 5,863,739                   |
| Transfers To Other Funds  | (3,153)                    | (3,111)                    | (5,355)                     | (31,359)                    |
| Net Cash Provided (Used) by<br>Noncapital Financing Activities          | <u>613,977</u>             | <u>1,162,942</u>           | <u>(5,355)</u>              | <u>6,582,380</u>            |
| <b>CASH FLOWS FROM CAPITAL AND<br/>RELATED FINANCING ACTIVITIES</b>     |                            |                            |                             |                             |
| Capital grants  | 583,578                    | -                          | -                           | 583,578                     |
| Proceeds from Sale of Capital Assets                                    |                            |                            |                             | 116,858                     |
| Purchase of Capital Assets  | (2,221,303)                | (1,613,219)                | -                           | (5,238,271)                 |
| Net Cash Provided (Used) by Capital<br>and Related Financing Activities | <u>(1,637,725)</u>         | <u>(1,613,219)</u>         | <u>-</u>                    | <u>(4,537,835)</u>          |
| <b>CASH FLOWS FROM INVESTING<br/>ACTIVITIES</b>                         |                            |                            |                             |                             |
| Interest Received (Paid)  | <u>63,420</u>              | <u>25,365</u>              | <u>129,386</u>              | <u>238,834</u>              |
| <b>NET INCREASE (DECREASE) IN CASH<br/>AND CASH EQUIVALENTS</b>         | <u>(307,736)</u>           | <u>224,966</u>             | <u>924,280</u>              | <u>4,723,362</u>            |
| Cash and Cash Equivalents - Beginning<br>of Year                        | <u>3,636,949</u>           | <u>1,010,866</u>           | <u>9,121,151</u>            | <u>16,307,023</u>           |
| <b>CASH AND CASH EQUIVALENTS - END<br/>OF YEAR</b>                      | <u><u>\$ 3,329,213</u></u> | <u><u>\$ 1,235,832</u></u> | <u><u>\$ 10,045,431</u></u> | <u><u>\$ 21,030,385</u></u> |

**COUNTY OF HUMBOLDT  
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2019**

|  | Heavy<br>Equipment | Information<br>Technology | Central<br>Services | Communications |
|--|--------------------|---------------------------|---------------------|----------------|
| <b>RECONCILIATION OF OPERATING<br/>INCOME (LOSS) TO NET CASH<br/>PROVIDED (USED) BY OPERATING<br/>ACTIVITIES</b> |                    |                           |                     |                |
| Operating Income (Loss)  | \$ 447,067         | \$ (961,405)              | \$ (431)            | \$ (98,809)    |
| Adjustments to Reconcile Operating Income<br>(Loss) to Net Cash Provided (Used) by<br>Operating Activities:      |                    |                           |                     |                |
| Depreciation   | 369,909            | 249,971                   | 4,548               | 65,480         |
| Changes in Assets and Liabilities:   |                    |                           |                     |                |
| (Increase) Decrease in:  |                    |                           |                     |                |
| Receivables  | 686                | -                         | -                   | -              |
| Inventory  | -                  | -                         | -                   | -              |
| Prepaid Expenses   | -                  | (1,031)                   | -                   | 2,500          |
| Increase (decrease) in:  |                    |                           |                     |                |
| Payables   | 22,714             | 139,154                   | (6,313)             | 59,734         |
| Accrued Salaries and Benefits  | 2,056              | 18,277                    | 1,963               | 368            |
| Compensated Absences   | 3,682              | 24,454                    | (7,266)             | (44)           |
| Claims Payable   | -                  | -                         | -                   | -              |
| Unearned Revenue   | -                  | -                         | -                   | -              |
| Other Liabilities  | -                  | -                         | -                   | -              |
| Net Cash Provided (Used) by<br>Operating Activities  | \$ 846,114         | \$ (530,580)              | \$ (7,499)          | \$ 29,229      |

**COUNTY OF HUMBOLDT  
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2019**

|   | Motor Pool        | ADA<br>Compliance | Insurance<br>Funds | Total               |
|---|-------------------|-------------------|--------------------|---------------------|
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>  |                   |                   |                    |                     |
| Operating Income (Loss)   | \$ (408,333)      | \$ 585,977        | \$ 783,478         | \$ 347,544          |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: |                   |                   |                    |                     |
| Depreciation  | 1,094,639         | 2,071             | -                  | 1,786,618           |
| Changes in Assets and Liabilities:  |                   |                   |                    |                     |
| (Increase) Decrease in:   |                   |                   |                    |                     |
| Receivables   | 6,636             | -                 | (16,981)           | (9,659)             |
| Inventory   | -                 | -                 | -                  | -                   |
| Prepaid Expenses  | -                 | -                 | -                  | 1,469               |
| Increase (decrease) in:   |                   |                   |                    |                     |
| Payables  | (63,138)          | 27,593            | 311,700            | 491,444             |
| Accrued Salaries and Benefits   | 6,243             | 10,099            | 8,719              | 47,725              |
| Compensated Absences  | 16,545            | 24,138            | 1,374              | 62,883              |
| Claims Payable  | -                 | -                 | (288,041)          | (288,041)           |
| Unearned Revenue  | -                 | -                 | -                  | -                   |
| Other Liabilities   | -                 | -                 | -                  | -                   |
| Net Cash Provided (Used) by Operating Activities  | <u>\$ 652,592</u> | <u>\$ 649,878</u> | <u>\$ 800,249</u>  | <u>\$ 2,439,983</u> |

## **INSURANCE FUNDS**



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**COUNTY OF HUMBOLDT  
COMBINING STATEMENT OF NET POSITION  
INSURANCE FUNDS  
JUNE 30, 2019**

|                                    | <u>Dental</u>     | <u>County<br/>Insurance</u> | <u>Workers'<br/>Compensation</u> |
|------------------------------------|-------------------|-----------------------------|----------------------------------|
| <b>ASSETS</b>                      |                   |                             |                                  |
| Current Assets:                    |                   |                             |                                  |
| Cash and Cash Equivalents          | \$ 816,913        | \$ 617,820                  | \$ 2,060,556                     |
| Accounts Receivable                | 184               | -                           | 315                              |
| Prepaid Expenses                   | 28,000            | -                           | -                                |
|                                    | <u>845,097</u>    | <u>617,820</u>              | <u>2,060,871</u>                 |
| Total Assets                       | 845,097           | 617,820                     | 2,060,871                        |
| <b>LIABILITIES</b>                 |                   |                             |                                  |
| Current Liabilities:               |                   |                             |                                  |
| Accounts Payable                   | 79,557            | 1,778                       | -                                |
| Accrued Payroll and Benefits       | -                 | 33,250                      | -                                |
| Liability for Compensated Absences | -                 | 54,776                      | -                                |
| Provision for Estimated Claims     | 127,255           | -                           | -                                |
| Total Current Liabilities          | <u>206,812</u>    | <u>89,804</u>               | <u>-</u>                         |
| Total Liabilities                  | <u>206,812</u>    | <u>89,804</u>               | <u>-</u>                         |
| <b>NET POSITION</b>                |                   |                             |                                  |
| Unrestricted                       | 638,285           | 528,016                     | 2,060,871                        |
| Total Net Position                 | <u>\$ 638,285</u> | <u>\$ 528,016</u>           | <u>\$ 2,060,871</u>              |

**COUNTY OF HUMBOLDT  
COMBINING STATEMENT OF NET POSITION (CONTINUED)  
INSURANCE FUNDS  
JUNE 30, 2019**

|                                    | <u>Liability</u> | <u>Medical</u> | <u>Unemployment</u> |
|------------------------------------|------------------|----------------|---------------------|
| <b>ASSETS</b>                      |                  |                |                     |
| Current Assets:                    |                  |                |                     |
| Cash and Cash Equivalents          | \$ 3,420,668     | \$ 1,693,959   | \$ 1,105,041        |
| Accounts Receivable                | 5,232            | -              | -                   |
| Prepaid Expenses                   | -                | -              | -                   |
|                                    | 3,425,900        | 1,693,959      | 1,105,041           |
| <b>LIABILITIES</b>                 |                  |                |                     |
| Current Liabilities:               |                  |                |                     |
| Accounts Payable                   | 181,382          | -              | 35,974              |
| Accrued Payroll and Benefits       | -                | -              | -                   |
| Liability for Compensated Absences | -                | -              | -                   |
| Provision for Estimated Claims     | 1,873,000        | -              | 87,332              |
| Total Current Liabilities          | 2,054,382        | -              | 123,306             |
|                                    | 2,054,382        | -              | 123,306             |
| <b>NET POSITION</b>                |                  |                |                     |
| Unrestricted                       | 1,371,518        | 1,693,959      | 981,735             |
| Total Net Position                 | \$ 1,371,518     | \$ 1,693,959   | \$ 981,735          |

**COUNTY OF HUMBOLDT  
COMBINING STATEMENT OF NET POSITION (CONTINUED)  
INSURANCE FUNDS  
JUNE 30, 2019**

|                                    | Purchased<br>Insurance<br>Premium | Employee<br>Benefits | Total        |
|------------------------------------|-----------------------------------|----------------------|--------------|
| <b>ASSETS</b>                      |                                   |                      |              |
| Current Assets:                    |                                   |                      |              |
| Cash and Cash Equivalents          | \$ 200,266                        | \$ 130,208           | \$10,045,431 |
| Accounts Receivable                | 11,500                            | 19                   | 17,250       |
| Prepaid Expenses                   | 33,873                            | -                    | 61,873       |
| Total Assets                       | 245,639                           | 130,227              | 10,124,554   |
| <b>LIABILITIES</b>                 |                                   |                      |              |
| Current Liabilities:               |                                   |                      |              |
| Accounts Payable                   | 140,722                           | 14,781               | 454,194      |
| Accrued Payroll and Benefits       | -                                 | -                    | 33,250       |
| Liability for Compensated Absences | -                                 | -                    | 54,776       |
| Provision for Estimated Claims     | -                                 | -                    | 2,087,587    |
| Total Current Liabilities          | 140,722                           | 14,781               | 2,629,807    |
| Total Liabilities                  | 140,722                           | 14,781               | 2,629,807    |
| <b>NET POSITION</b>                |                                   |                      |              |
| Unrestricted                       | 104,917                           | 115,446              | 7,494,747    |
| Total Net Position                 | \$ 104,917                        | \$ 115,446           | \$ 7,494,747 |

**COUNTY OF HUMBOLDT  
 COMBINING STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN NET POSITION  
 INSURANCE FUNDS  
 YEAR ENDED JUNE 30, 2019**

|   | <u>Dental</u>     | <u>County<br/>Insurance</u> | <u>Workers'<br/>Compensation</u> |
|---|-------------------|-----------------------------|----------------------------------|
| <b>OPERATING REVENUES</b>               |                   |                             |                                  |
| Charges for Services                    | \$ 1,562,598      | \$ 715,987                  | \$ 4,672,219                     |
| Miscellaneous Revenues                  | -                 | -                           | 109,253                          |
| Total Operating Revenues                | <u>1,562,598</u>  | <u>715,987</u>              | <u>4,781,472</u>                 |
| <b>OPERATING EXPENSES</b>               |                   |                             |                                  |
| Salaries and Benefits                   | -                 | 501,166                     | -                                |
| Services and Supplies                   | 183,779           | 261,643                     | 4,697,102                        |
| Self-Insurance Claims                   | 1,367,131         | -                           | -                                |
| Total Operating Expenses                | <u>1,550,910</u>  | <u>762,809</u>              | <u>4,697,102</u>                 |
| <b>NET OPERATING INCOME (LOSS)</b>      | 11,688            | (46,822)                    | 84,370                           |
| <b>NONOPERATING REVENUES (EXPENSES)</b> |                   |                             |                                  |
| Interest Income                         | 13,009            | 13,557                      | 15,008                           |
| Total Nonoperating Revenues (Expenses)  | <u>13,009</u>     | <u>13,557</u>               | <u>15,008</u>                    |
| Income (Loss) Before Transfers          | 24,697            | (33,265)                    | 99,378                           |
| Transfers Out                           | <u>-</u>          | <u>(5,355)</u>              | <u>-</u>                         |
| <b>CHANGE IN NET POSITION</b>           | 24,697            | (38,620)                    | 99,378                           |
| Net Position - Beginning of Year        | <u>613,588</u>    | <u>566,636</u>              | <u>1,961,493</u>                 |
| <b>NET POSITION - END OF YEAR</b>       | <u>\$ 638,285</u> | <u>\$ 528,016</u>           | <u>\$ 2,060,871</u>              |

**COUNTY OF HUMBOLDT  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION (CONTINUED)  
INSURANCE FUNDS  
YEAR ENDED JUNE 30, 2019**

|   | <u>Liability</u>    | <u>Medical</u>      | <u>Unemployment</u> |
|---|---------------------|---------------------|---------------------|
| <b>OPERATING REVENUES</b>               |                     |                     |                     |
| Charges for Services                    | \$ 4,076,231        | \$ 17,779,212       | \$ 219,422          |
| Miscellaneous Revenues                  | -                   | -                   | -                   |
| Total Operating Revenues                | <u>4,076,231</u>    | <u>17,779,212</u>   | <u>219,422</u>      |
| <b>OPERATING EXPENSES</b>               |                     |                     |                     |
| Salaries and Benefits                   | -                   | -                   | -                   |
| Services and Supplies                   | 3,081,731           | 17,717,775          | 58,628              |
| Self-Insurance Claims                   | 66,695              | -                   | 281,381             |
| Total Operating Expenses                | <u>3,148,426</u>    | <u>17,717,775</u>   | <u>340,009</u>      |
| <b>NET OPERATING INCOME (LOSS)</b>      | 927,805             | 61,437              | (120,587)           |
| <b>NONOPERATING REVENUES (EXPENSES)</b> |                     |                     |                     |
| Interest Income                         | 45,489              | 19,857              | 18,770              |
| Total Nonoperating Revenues (Expenses)  | <u>45,489</u>       | <u>19,857</u>       | <u>18,770</u>       |
| Income (Loss) Before Transfers          | 973,294             | 81,294              | (101,817)           |
| Transfers Out                           | <u>-</u>            | <u>-</u>            | <u>-</u>            |
| <b>CHANGE IN NET POSITION</b>           | 973,294             | 81,294              | (101,817)           |
| Net Position - Beginning of Year        | <u>398,224</u>      | <u>1,612,665</u>    | <u>1,083,552</u>    |
| <b>NET POSITION - END OF YEAR</b>       | <u>\$ 1,371,518</u> | <u>\$ 1,693,959</u> | <u>\$ 981,735</u>   |

**COUNTY OF HUMBOLDT  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION (CONTINUED)  
INSURANCE FUNDS  
YEAR ENDED JUNE 30, 2019**

|   | Purchased<br>Insurance<br>Premium | Insurance<br>Benefits | Total               |
|---|-----------------------------------|-----------------------|---------------------|
| <b>OPERATING REVENUES</b>               |                                   |                       |                     |
| Charges for Services                    | \$ 745,992                        | \$ 444,437            | \$ 30,216,098       |
| Miscellaneous Revenues                  | 65                                | -                     | 109,318             |
| Total Operating Revenues                | <u>746,057</u>                    | <u>444,437</u>        | <u>30,325,416</u>   |
| <b>OPERATING EXPENSES</b>               |                                   |                       |                     |
| Salaries and Benefits                   | -                                 | -                     | 501,166             |
| Services and Supplies                   | 885,135                           | 439,772               | 27,325,565          |
| Self-Insurance Claims                   | -                                 | -                     | 1,715,207           |
| Total Operating Expenses                | <u>885,135</u>                    | <u>439,772</u>        | <u>29,541,938</u>   |
| <b>NET OPERATING INCOME (LOSS)</b>      | (139,078)                         | 4,665                 | 783,478             |
| <b>NONOPERATING REVENUES (EXPENSES)</b> |                                   |                       |                     |
| Interest Income                         | 987                               | 2,709                 | 129,386             |
| Total Nonoperating Revenues (Expenses)  | <u>987</u>                        | <u>2,709</u>          | <u>129,386</u>      |
| Income (Loss) Before Transfers          | (138,091)                         | 7,374                 | 912,864             |
| Transfers Out                           | -                                 | -                     | (5,355)             |
| <b>CHANGE IN NET POSITION</b>           | (138,091)                         | 7,374                 | 907,509             |
| Net Position - Beginning of Year        | <u>243,008</u>                    | <u>108,072</u>        | <u>6,587,238</u>    |
| <b>NET POSITION - END OF YEAR</b>       | <u>\$ 104,917</u>                 | <u>\$ 115,446</u>     | <u>\$ 7,494,747</u> |

**COUNTY OF HUMBOLDT  
COMBINING STATEMENT OF CASH FLOWS  
INSURANCE FUNDS  
YEAR ENDED JUNE 30, 2019**

|   | <u>Dental</u>     | <u>County<br/>Insurance</u> | <u>Workers'<br/>Compensation</u> |
|---|-------------------|-----------------------------|----------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |                   |                             |                                  |
| Cash Receipts from Interfund Services Provided                  | \$ 1,562,665      | \$ 715,987                  | \$ 4,781,157                     |
| Cash Paid to Suppliers for Goods and Services                   | (1,498,768)       | (260,960)                   | (4,697,302)                      |
| Cash Paid to Employees  | -                 | (491,073)                   | -                                |
| Net Cash Provided (Used) by Operating Activities                | <u>63,897</u>     | <u>(36,046)</u>             | <u>83,855</u>                    |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING<br/>ACTIVITIES</b>      |                   |                             |                                  |
| Transfers from (to) other funds                                 | -                 | (5,355)                     | -                                |
| Net Cash Provided (Used) by Investing Activities                | <u>-</u>          | <u>(5,355)</u>              | <u>-</u>                         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                   |                             |                                  |
| Interest Received (Paid)  | <u>13,009</u>     | <u>13,557</u>               | <u>15,008</u>                    |
| <b>NET INCREASE (DECREASE) IN CASH<br/>AND CASH EQUIVALENTS</b> | 76,906            | (27,844)                    | 98,863                           |
| Cash and Cash Equivalents - Beginning of Year                   | <u>740,007</u>    | <u>645,664</u>              | <u>1,961,693</u>                 |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>                  | <u>\$ 816,913</u> | <u>\$ 617,820</u>           | <u>\$ 2,060,556</u>              |



**COUNTY OF HUMBOLDT  
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)  
INSURANCE FUNDS  
YEAR ENDED JUNE 30, 2019**

|  | Liability    | Medical      | Unemployment |
|--|--------------|--------------|--------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                          |              |              |              |
| Cash Receipts from Interfund Services Provided                       | \$ 4,070,999 | \$17,779,212 | \$ 219,422   |
| Cash Paid to Suppliers for Goods and Services                        | (3,382,491)  | (17,717,775) | (286,076)    |
| Cash Paid to Employees   | -            | -            | -            |
| Net Cash Provided (Used) by Operating Activities                     | 688,508      | 61,437       | (66,654)     |
| <br><b>CASH FLOWS FROM NONCAPITAL FINANCING<br/> ACTIVITIES</b>      |              |              |              |
| Transfers from (to) other funds                                      | -            | -            | -            |
| Net Cash Provided (Used) by Investing Activities                     | -            | -            | -            |
| <br><b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                      |              |              |              |
| Interest Received (Paid)   | 45,489       | 19,857       | 18,770       |
| <br><b>NET INCREASE (DECREASE) IN CASH<br/> AND CASH EQUIVALENTS</b> | 733,997      | 81,294       | (47,884)     |
| Cash and Cash Equivalents - Beginning of Year                        | 2,686,671    | 1,612,665    | 1,152,925    |
| <br><b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>                   | \$ 3,420,668 | \$ 1,693,959 | \$ 1,105,041 |

**COUNTY OF HUMBOLDT  
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)  
INSURANCE FUNDS  
YEAR ENDED JUNE 30, 2019**

|   | Purchased<br>Insurance<br>Premium | Employee<br>Benefits | Total               |
|---|-----------------------------------|----------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |                                   |                      |                     |
| Cash Receipts from Interfund Services Provided                  | \$ 734,557                        | \$ 444,436           | \$30,308,435        |
| Cash Paid to Suppliers for Goods and Services                   | (748,750)                         | (424,991)            | (29,017,113)        |
| Cash Paid to Employees  | -                                 | -                    | (491,073)           |
| Net Cash Provided (Used) by Operating Activities                | <u>(14,193)</u>                   | <u>19,445</u>        | <u>800,249</u>      |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING<br/>ACTIVITIES</b>      |                                   |                      |                     |
| Transfers from (to) other funds                                 | -                                 | -                    | (5,355)             |
| Net Cash Provided (Used) by Investing Activities                | <u>-</u>                          | <u>-</u>             | <u>(5,355)</u>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                                   |                      |                     |
| Interest Received (Paid)  | <u>987</u>                        | <u>2,709</u>         | <u>129,386</u>      |
| <b>NET INCREASE (DECREASE) IN CASH<br/>AND CASH EQUIVALENTS</b> |                                   |                      |                     |
|   | (13,206)                          | 22,154               | 924,280             |
| Cash and Cash Equivalents - Beginning of Year                   | <u>213,472</u>                    | <u>108,054</u>       | <u>9,121,151</u>    |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>                  | <u>\$ 200,266</u>                 | <u>\$ 130,208</u>    | <u>\$10,045,431</u> |

**COUNTY OF HUMBOLDT  
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)  
INSURANCE FUNDS  
YEAR ENDED JUNE 30, 2019**

|  | Dental    | County<br>Insurance | Workers'<br>Compensation |
|--|-----------|---------------------|--------------------------|
| <b>RECONCILIATION OF OPERATING INCOME (LOSS)<br/>TO NET CASH PROVIDED (USED) BY<br/>OPERATING ACTIVITIES</b> |           |                     |                          |
| Operating Income (Loss)  | \$ 11,688 | \$ (46,822)         | \$ 84,370                |
| Adjustments to Reconcile Operating Income<br>(Loss) to Net Cash Provided (Used) by<br>Operating Activities:  |           |                     |                          |
| Changes in Assets and Liabilities:   |           |                     |                          |
| (Increase) Decrease in:  |           |                     |                          |
| Accounts Receivable  | 67        | -                   | (315)                    |
| Prepaid Expenses   | -         | -                   | -                        |
| Increase (Decrease) in:  |           |                     |                          |
| Payables   | 52,142    | 683                 | (200)                    |
| Accrued Salaries and Benefits  | -         | 8,719               | -                        |
| Liability for Compensated Absences   | -         | 1,374               | -                        |
| Claims Payable   | -         | -                   | -                        |
| Net Cash Provided (Used) by<br>Operating Activities  | \$ 63,897 | \$ (36,046)         | \$ 83,855                |

**COUNTY OF HUMBOLDT  
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)  
INSURANCE FUNDS  
YEAR ENDED JUNE 30, 2019**

|  | Liability  | Medical   | Unemployment |
|--|------------|-----------|--------------|
| <b>RECONCILIATION OF OPERATING INCOME (LOSS)<br/> TO NET CASH PROVIDED (USED) BY<br/> OPERATING ACTIVITIES</b> |            |           |              |
| Operating Income (Loss)  | \$ 927,805 | \$ 61,437 | \$ (120,587) |
| Adjustments to Reconcile Operating Income<br>(Loss) to Net Cash Provided (Used) by<br>Operating Activities:    |            |           |              |
| Changes in Assets and Liabilities:   |            |           |              |
| (Increase) Decrease in:  |            |           |              |
| Accounts Receivable  | (5,232)    | -         | -            |
| Prepaid Expenses   | -          | -         | -            |
| Increase (Decrease) in:  |            |           |              |
| Payables   | 71,935     | -         | 35,974       |
| Accrued Salaries and Benefits  | -          | -         | -            |
| Liability for Compensated Absences   | -          | -         | -            |
| Claims Payable   | (306,000)  | -         | 17,959       |
| Net Cash Provided (Used) by<br>Operating Activities  | \$ 688,508 | \$ 61,437 | \$ (66,654)  |

**COUNTY OF HUMBOLDT  
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)  
INSURANCE FUNDS  
YEAR ENDED JUNE 30, 2019**

|  | Purchased<br>Insurance<br>Premium | Employee<br>Benefits | Total      |
|--|-----------------------------------|----------------------|------------|
| <b>RECONCILIATION OF OPERATING INCOME (LOSS)<br/>TO NET CASH PROVIDED (USED) BY<br/>OPERATING ACTIVITIES</b> |                                   |                      |            |
| Operating Income (Loss)  | \$ (139,078)                      | \$ 4,665             | \$ 783,478 |
| Adjustments to Reconcile Operating Income<br>(Loss) to Net Cash Provided (Used) by<br>Operating Activities:  |                                   |                      |            |
| Changes in Assets and Liabilities:   |                                   |                      |            |
| (Increase) Decrease in:  |                                   |                      |            |
| Accounts Receivable  | (11,500)                          | (1)                  | (16,981)   |
| Prepaid Expenses   | -                                 | -                    | -          |
| Increase (Decrease) in:  |                                   |                      |            |
| Payables   | 136,385                           | 14,781               | 311,700    |
| Accrued Salaries and Benefits  | -                                 | -                    | 8,719      |
| Liability for Compensated Absences   | -                                 | -                    | 1,374      |
| Claims Payable   | -                                 | -                    | (288,041)  |
| Net Cash Provided (Used) by<br>Operating Activities  | \$ (14,193)                       | \$ 19,445            | \$ 800,249 |