

COUNTY OF SIERRA, CALIFORNIA



**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2019**

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COUNTY OF SIERRA
Annual Financial Report
For the Year Ended June 30, 2019

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INTRODUCTORY SECTION

- **List of Officials**

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COUNTY OF SIERRA
List of Officials
For the Year Ended June 30, 2019

ELECTED OFFICIALS

Supervisor, District 1	Lee Adams
Supervisor, District 2	Peter W. Huebner
Supervisor, District 3	Paul Roen
Supervisor, District 4	Jim Beard
Supervisor, District 5	Sharon Dryden
Assessor	Laura Marshall
Auditor/Controller	Van Maddox
Clerk/Recorder	Heather Foster
District Attorney	Sandra Groven
Sheriff/Coroner	Mike Fisher

DEPARTMENT DIRECTORS/ADMINISTRATORS

Agricultural Commissioner	Tim W. Gibson
Behavioral Health	Lea Salas
Emergency Services – OES Coordinator	Lee Brown
Emergency Services – Emergency Preparedness Coordinator	LeTina Vanetti
Environmental Health	Elizabeth Morgan
Management Information System	Jeremy Miller
Planning Director/Director of Public Works/Director of Transportation	Tim H. Beals
Probation	Jeffery D. Bosworth
Public Health	Dr. Celia Sutton-Pado
Social Services	Vickie Clark

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FINANCIAL SECTION

- **Independent Auditor's Report**
- **Management's Discussion and Analysis**
- **Basic Financial Statements**
- **Required Supplementary Information**
- **Combining Nonmajor Fund Financial Statements**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors and the Grand Jury
County of Sierra
Downieville, 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 Sierra, California (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.

Auditor's Responsibility

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

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

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

To the Board of Supervisors and Grand Jury
County of Sierra
Downieville, California

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, County Pension Plan information, County OPEB Plan information 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 introductory section and combining nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

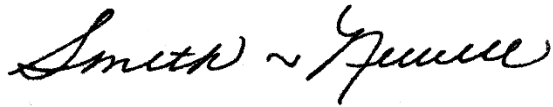
The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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 nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

To the Board of Supervisors and Grand Jury
County of Sierra
Downieville, California

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 3, 2019, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Smith & Newell", written in a cursive, flowing style.

Smith & Newell CPAs
Yuba City, California
December 3, 2019

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**Management's Discussion and Analysis
(Unaudited)**

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Sierra County Management's Discussion and Analysis

Prepared By: Van Maddox, County Auditor/Treasurer/Tax Collector

As management of Sierra County, we offer readers of the County of Sierra's financial statement this narrative overview and analysis of the financial activities of Sierra County for the fiscal year ended June 30, 2019.

Financial Highlights

- ❖ The County of Sierra's assets exceeded its liabilities at the close of the most recent fiscal year by \$12,093,366 (net position). Of this amount (\$23,350,061) (negative unrestricted net position) was available to meet the County's ongoing obligations to citizens and creditors.

The County's total net position increased by \$1,575,149 prior to the recognition of a prior period adjustment for prior year construction in progress. The primary causes for the increase resulted from an increase in State funded programs and an increase in local revenues due to a better economy.

- ❖ At the close of the current fiscal year, the County's combined (all government funds) ending fund balance was \$17,489,421. This was an increase of \$190,685 in comparison with the prior year. Approximately 96 percent of this total amount or \$16,723,366 is available for spending in the following year's budget.
- ❖ Unassigned fund balance for the General fund at the close of the current fiscal year was \$766,055.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County of Sierra's basic financial statements. The County's basic financial statements are comprised of three components: 1) Government-Wide Financial Statements, 2) Individual Fund Financial Statements, and 3) Notes to the Financial Statements. This report also contains additional supplementary information to the basic Financial Statements.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the County of Sierra's finances in a manner similar to a private-sector business. It is comprised of a Statement of Net Position and Statement of Activities.

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

The Statement of Activities presents information showing how the County's net position changed during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Sierra County Management's Discussion and Analysis

Both of the government-wide financial statements distinguish functions of the County of Sierra that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or significant portion of their costs through user fees, fines and charges for service. The governmental activities of the County include: general government, public protection, public ways and facilities (transportation), health and sanitation, public assistance, education, recreation and culture, and debt service and contingencies. Internal service funds that provide insurance coverage, computer software acquisition and vehicle replacement are also included in governmental activities.

The government-wide financial statements include not only the County of Sierra itself (known as the primary government), but also five legally separate County Service Areas. Although legally separate, the County Service Areas function for all practical purposes as departments of the County, and therefore have been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 13-15 of this report.

Individual Fund Financial Statements. A fund is a grouping of related accounts that are 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 compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on 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 the 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 County'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.

The County of Sierra maintains over 150 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, the Road fund, the Human Services fund and the Public Health and Drug Programs fund, all of which are considered to be major funds. Data from the other 43 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County of Sierra adopts an annual appropriated budget for its General fund. A budgetary comparison schedule (page 63) has been provided for the General fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16-19 of this report.

Proprietary Funds. The County maintains one type of proprietary fund – Enterprise Funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private

Sierra County Management's Discussion and Analysis

business enterprises – where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The County of Sierra maintains two enterprise funds. The Solid Waste fund, a major fund, and the Transit fund, a nonmajor fund. Both of these funds are reported separately in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 20-22 of this report.

Fiduciary Funds. 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 statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on pages 23 and 24 of this report.

Notes to Financial Statements. The notes provide additional information that is essential to fully understand the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-57 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplementary information can be found on pages 58-62 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, proprietary funds and fiduciary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 68-82 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County of Sierra, assets exceeded liabilities by \$12,093,366 at the close of the 2018/2019 fiscal year.

By far the largest portion of the County's net position, 151.70 percent, reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County of Sierra's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Sierra County Management's Discussion and Analysis

County of Sierra's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets:						
Current & Other Assets	\$ 21,639,669	\$ 20,164,373	\$ 1,458,295	\$ 2,433,863	\$ 23,097,964	\$ 22,598,236
Capital assets	16,808,743	17,670,739	1,620,751	258,447	18,429,494	17,929,186
Total Assets	<u>38,448,412</u>	<u>37,835,112</u>	<u>3,079,046</u>	<u>2,692,310</u>	<u>41,527,458</u>	<u>40,527,422</u>
Deferred Outflows of Resources:						
Pension adjustments	3,916,110	3,603,263	9,356	24,853	3,925,466	3,628,116
OPEB adjustments	196,790	179,123	-	-	196,790	179,123
Total Deferred Outflows of Resources	<u>4,112,900</u>	<u>3,782,386</u>	<u>9,356</u>	<u>24,853</u>	<u>4,122,256</u>	<u>3,807,239</u>
Liabilities:						
Other Liabilities	3,073,034	2,495,245	43,119	236,458	3,116,153	2,731,703
Long-term liabilities	24,077,681	24,490,850	3,423,036	5,566,932	27,500,717	30,057,782
Total Liabilities	<u>27,150,715</u>	<u>26,986,095</u>	<u>3,466,155</u>	<u>5,803,390</u>	<u>30,616,870</u>	<u>32,789,485</u>
Deferred Inflows of Resources:						
Pension adjustments	2,885,097	1,406,845	6,915	7,340	2,892,012	1,414,185
OPEB adjustments	47,466	53,039	-	-	47,466	53,039
Total Deferred Inflows of Resources	<u>2,932,563</u>	<u>1,459,884</u>	<u>6,915</u>	<u>7,340</u>	<u>2,939,478</u>	<u>1,467,224</u>
Net Position:						
Net Investment in Capital Asset	16,724,990	17,509,583	1,620,751	258,447	18,345,741	17,768,030
Restricted	17,097,686	16,398,804	-	-	17,097,686	16,398,804
Unrestricted	(21,344,642)	(20,736,868)	(2,005,419)	(3,352,014)	(23,350,061)	(24,088,882)
Total Net Position	<u>\$ 12,478,034</u>	<u>\$ 13,171,519</u>	<u>\$ (384,668)</u>	<u>\$ (3,093,567)</u>	<u>\$ 12,093,366</u>	<u>\$ 10,077,952</u>

Investments in capital assets are subject to various external restrictions on how they may be used.

The County's total net position increased by \$2,015,414. The primary cause for the increase resulted from an increase in state funded programs and an increase in local revenues due to a better economy.

Sierra County Management's Discussion and Analysis

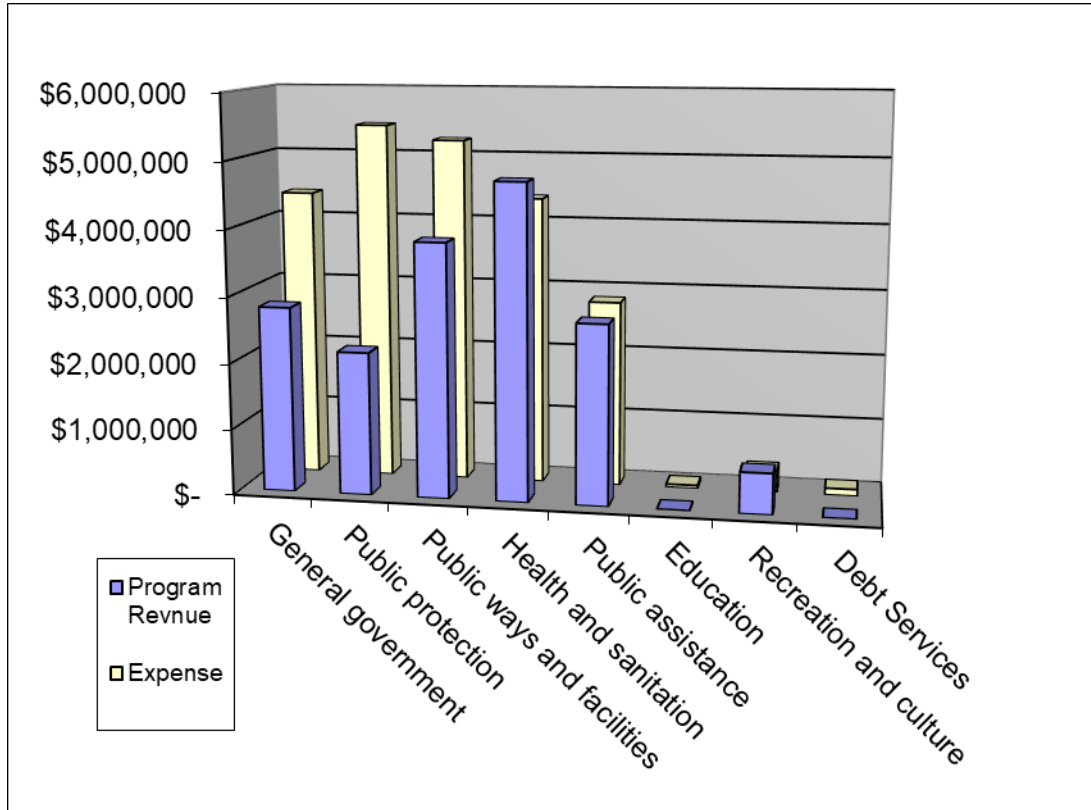
Governmental Activities. Governmental activities decreased the County's net position by \$693,485. Key elements of this decrease are as follows:

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues:						
Charges for Services	\$ 3,127,395	\$ 2,535,609	\$ 1,179,931	\$ 1,179,735	\$ 4,307,326	\$ 3,715,344
Operating Grants & Contributions	13,675,708	14,283,612	156,921	142,792	13,832,629	14,426,404
Capital Grants	105,225	635,922	-	-	105,225	635,922
General Revenues:						
Property Taxes	3,705,666	3,420,671	-	-	3,705,666	3,420,671
Sales & Use Taxes	252,375	166,634	-	-	252,375	166,634
Other revenues	645,397	743,767	-	(3,104)	645,397	740,663
Unrestricted Interest	334,015	208,588	30,171	24,329	364,186	232,917
Total revenues	<u>21,845,781</u>	<u>21,994,803</u>	<u>1,367,023</u>	<u>1,343,752</u>	<u>23,212,804</u>	<u>23,338,555</u>
Expenditures						
General Government	4,389,025	3,622,679	-	-	4,389,025	3,622,679
Public Protection	5,441,242	6,073,609	-	-	5,441,242	6,073,609
Health & Welfare	4,370,551	4,839,133	-	-	4,370,551	4,839,133
Public Assistance	2,824,656	2,752,386	-	-	2,824,656	2,752,386
Education	46,460	45,225	-	-	46,460	45,225
Recreation & Cultural Services	330,836	222,950	-	-	330,836	222,950
Public Ways & Facilities	5,226,747	4,798,839	-	-	5,226,747	4,798,839
Interest on Long-Term Debt	101,604	125,686	-	-	101,604	125,686
Solid Waste	-	-	(1,266,291)	1,406,778	(1,266,291)	1,406,778
Transit	-	-	172,825	175,256	172,825	175,256
Total Expenses	<u>22,731,121</u>	<u>22,480,507</u>	<u>(1,093,466)</u>	<u>1,582,034</u>	<u>21,637,655</u>	<u>24,062,541</u>
Excess (Deficiency) Over Expenses	(885,340)	(485,704)	2,460,489	(238,282)	1,575,149	(723,986)
Transfers	<u>1,622</u>	<u>1,587</u>	<u>(1,622)</u>	<u>(1,587)</u>	<u>-</u>	<u>-</u>
Change in Net Position	(883,718)	(484,117)	2,458,867	(239,869)	1,575,149	(723,986)
Net Position - Prior Year	13,171,519	16,074,584	(3,093,567)	(2,853,698)	10,077,952	13,220,886
Prior period adjustment	190,233	-	250,032	-	440,265	-
Cumulative effect of a change in accounting principle	-	(2,418,948)	-	-	-	(2,418,948)
Net Position - Current Year	<u>\$ 12,478,034</u>	<u>\$ 13,171,519</u>	<u>\$ (384,668)</u>	<u>\$ (3,093,567)</u>	<u>\$ 12,093,366</u>	<u>\$ 10,077,952</u>

❖ Property taxes increased by \$284,995 (8.33%) during the year. Sales tax increased by \$85,741.

Sierra County Management's Discussion and Analysis

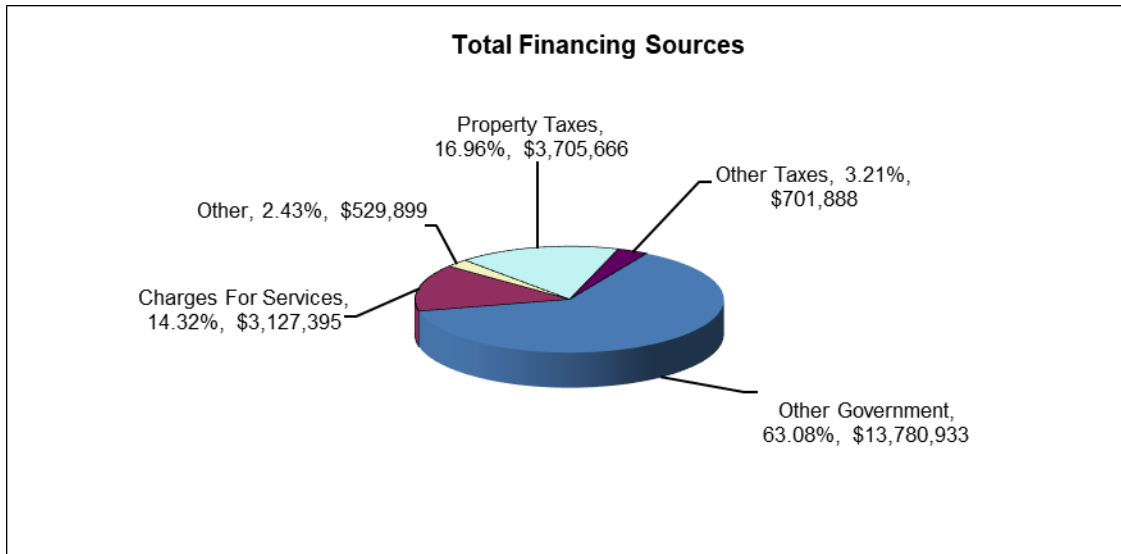
Expenses and Program Revenues – Governmental Activities



	Program Revenues	Expenses
General government	\$ 2,810,408	\$ 4,389,025
Public protection	2,167,858	5,441,242
Public ways and facilities	3,842,604	5,226,747
Health and sanitation	4,747,389	4,370,551
Public assistance	2,717,740	2,824,656
Education	2,721	46,460
Recreation and culture	619,608	330,836
Debt Services	-	101,604

Sierra County Management's Discussion and Analysis

Revenues by Source – Governmental Activities



The largest portion of revenue received by the County comes from Federal and State sources (approximately 63.08%). The second largest source comes from property taxes (16.96%). However, it should be noted that of every \$1.00 collected in property tax approximately 34 percent benefits schools, with 54 percent going towards the funding of County services and programs. Cities receive less than 1 percent and Special Districts receive 11 percent. Only 20 percent of total County revenue received is discretionary (not dedicated at the source of funding to particular services/programs).

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Business-Type Activities. Two of Sierra County's funds are classified as business-type activities. The Solid Waste fund and the Transit fund. The Transit fund is a pass-through of State funds to operate two senior van programs.

The Solid Waste fund consists of the operation of a landfill and four transfer stations. The County does not provide curb side pickup.

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the County of Sierra'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.

As of the end of the current fiscal year, the County of Sierra's governmental funds reported combined ending fund balances of \$17,489,421, which is available for spending on ongoing operations, an increase of \$190,685 from the prior year. Approximately 4 percent of this total amount \$766,055 constitutes unassigned fund balance. The remaining fund balance of \$16,723,366 is restricted to indicate that it is only available for specific programs and projects. Most of the restricted amounts are imposed for other

Sierra County Management's Discussion and Analysis

governments which are the source of the funding, and are available to fund ongoing programs and projects in the special funds below.

The General fund is the general operating fund of the County of Sierra. The General fund balance increased by \$5,018 during the 2018/19 fiscal year. This was caused by operating revenues exceeding expenditures. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 8.55 percent of total General fund expenditures, while total governmental funds' unassigned fund balance represents 4 percent of all governmental funds' fund balances.

At the end of the current fiscal year, the Road fund had a fund balance of \$252,241, while nonspendable fund balance was \$66,805, representing inventory. As a measure of the Road fund's liquidity, it may be useful to compare both restricted fund balance and total fund balance to total fund expenditures.

At the end of the current fiscal year, the Human Services fund had a fund balance of \$6,018,821.

At the end of the current fiscal year, the Public Health and Drug Programs fund had a balance of \$7,918,587.

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

Unrestricted net position of the enterprise funds at the end of the year amounted to (\$384,668).

The deficit in the Solid Waste fund is responsible for the full negative balance in the enterprise funds. The deficit is due to the closure/postclosure costs that are projected in future years but must be accounted for in the year incurred.

General Fund Budgetary Highlights

From 2009 thru 2014, the County of Sierra has experienced declining fund balances due to the State's appropriation of local funds, increases in labor costs (health insurance, retirement, and workers' compensation insurance) and declining property taxes. However, the County has experienced a gradual increase in revenues starting with the 2015 year. We expect over the next five years revenues to continue to keep up with rising costs.

Capital Asset and Debt Administration

Capital Assets. The County of Sierra's investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to \$18,429,494 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, and bridges. The total increase in the County of Sierra's investment in capital assets for the current fiscal year was net of current year depreciation. See Note 4 on page 40.

Major capital asset events during the current fiscal year included the following:

- ❖ Construction of additional Road fund equipment

Sierra County Management's Discussion and Analysis

County of Sierra's Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 1,055,098	\$ 1,055,098	\$ 122,124	\$ 122,124	\$ 1,177,222	\$ 1,177,222
Building and System	3,555,336	3,608,364	66,842	7,908	3,622,178	3,616,272
Machinery and Equipment	1,150,078	1,359,384	188,094	128,415	1,338,172	1,487,799
Infrastructure	9,705,307	10,631,707	-	-	9,705,307	10,631,707
Construction in Progress	1,310,911	984,173	1,243,691	-	2,554,602	984,173
Historical Treasures	32,013	32,013	-	-	32,013	32,013
Total	<u>\$ 16,808,743</u>	<u>\$ 17,670,739</u>	<u>\$ 1,620,751</u>	<u>\$ 258,447</u>	<u>\$ 18,429,494</u>	<u>\$ 17,929,186</u>

Additional information on the County of Sierra's capital assets can be found in Note 4 on pages 40-41 of this report.

Long-Term Debt. At the end of the current fiscal year, the County of Sierra has total debt outstanding of \$5,645,686. The debt consists of capital leases, landfill closure/postclosure costs, compensated absences and a pension obligation bond.

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Pension Obligation Bond	\$ 1,750,000	\$ 2,254,000	\$ -	\$ -	\$ 1,750,000	\$ 2,254,000
Other (capital leases, comp balances & landfill closure)	519,804	565,402	3,375,882	5,482,635	3,895,686	6,048,037
Total	<u>\$ 2,269,804</u>	<u>\$ 2,819,402</u>	<u>\$ 3,375,882</u>	<u>\$ 5,482,635</u>	<u>\$ 5,645,686</u>	<u>\$ 8,302,037</u>

The County of Sierra's total debt decreased by \$2,656,351 (32%) during the current fiscal year. The key factor in this decrease was payments made on the debt.

Additional information on the County of Sierra's long-term debt can be found in Note 6 on pages 42-45 of this report.

Economic Factors which Impacted Budget

All of the factors listed below were considered in preparing the County of Sierra's budget for the 2018-2019 fiscal year.

- ❖ The unemployment rate for the County of Sierra is currently 5.4 percent (6/30/19), which is no change from a year ago. This compares to the State's average unemployment rate of 4.2 percent.

Requests for Information

The financial report is designed to provide a general overview of the County of Sierra'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 County of Sierra, Auditor/Controller's Office, P.O. Box 425, Downieville, California, 95936.

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Basic Financial Statements

- **Government-Wide Financial Statements**

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COUNTY OF SIERRA
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and investments	\$ 17,274,229	\$ 245,840	\$ 17,520,069
Receivables:			
Accounts	65,408	1,195	66,603
Taxes	146,309	18,923	165,232
Intergovernmental	2,097,498	48,000	2,145,498
Prepaid costs	1,881,013	-	1,881,013
Deposits	775	-	775
Inventory	66,805	-	66,805
Internal balances	48,708	(48,708)	-
Due from external agencies	58,924	-	58,924
Restricted cash and investments	-	1,193,045	1,193,045
Capital assets:			
Non depreciable	2,398,022	1,365,815	3,763,837
Depreciable, net	14,410,721	254,936	14,665,657
Total capital assets	<u>16,808,743</u>	<u>1,620,751</u>	<u>18,429,494</u>
Total Assets	<u>38,448,412</u>	<u>3,079,046</u>	<u>41,527,458</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension adjustments	3,916,110	9,356	3,925,466
Deferred OPEB adjustments	196,790	-	196,790
Total Deferred Outflows of Resources	<u>4,112,900</u>	<u>9,356</u>	<u>4,122,256</u>
LIABILITIES			
Accounts payable	552,625	28,371	580,996
Salaries and benefits payable	1,010,984	14,748	1,025,732
Accrued claims liability	1,509,425	-	1,509,425
Long-term liabilities:			
Due within one year	1,062,804	-	1,062,804
Due in more than one year	1,207,000	3,375,882	4,582,882
Net pension liability	19,873,501	47,154	19,920,655
Net OPEB liability	1,934,376	-	1,934,376
Total Liabilities	<u>27,150,715</u>	<u>3,466,155</u>	<u>30,616,870</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension adjustments	2,885,097	6,915	2,892,012
Deferred OPEB adjustments	47,466	-	47,466
Total Deferred Inflows of Resources	<u>2,932,563</u>	<u>6,915</u>	<u>2,939,478</u>

The notes to the basic financial statements are an integral part of this statement.

Continued (Page 1 of 2)

COUNTY OF SIERRA
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-Type Activities	Totals
NET POSITION			
Net investment in capital assets	\$ 16,724,990	\$ 1,620,751	\$ 18,345,741
Restricted for:			
General government	149,998	-	149,998
Public protection	2,045,695	-	2,045,695
Health and welfare	8,254,829	-	8,254,829
Public assistance	6,058,805	-	6,058,805
Public ways and facilities	588,359	-	588,359
Unrestricted	(21,344,642)	(2,005,419)	(23,350,061)
Total Net Position	\$ 12,478,034	\$ (384,668)	\$ 12,093,366

The notes to the basic financial statements are an integral part of this statement.

Continued (Page 2 of 2)

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COUNTY OF SIERRA
Statement of Activities
For the Year Ended June 30, 2019

<u>Functions/Programs:</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 4,389,025	\$ 1,830,189	\$ 980,219	\$ -
Public protection	5,441,242	150,060	2,017,798	-
Health and welfare	4,370,551	64,497	4,682,892	-
Public assistance	2,824,656	-	2,717,740	-
Education	46,460	2,721	-	-
Culture and recreation	330,836	-	619,608	-
Public ways and facilities	5,226,747	1,079,928	2,657,451	105,225
Interest on long-term debt	101,604	-	-	-
Total Governmental Activities	22,731,121	3,127,395	13,675,708	105,225
Business-type activities:				
Solid waste	(1,266,291)	1,162,163	45,000	-
Transit	172,825	17,768	111,921	-
Total Business-Type Activities	(1,093,466)	1,179,931	156,921	-
Total	\$ 21,637,655	\$ 4,307,326	\$ 13,832,629	\$ 105,225

General revenues:

Taxes:

Property taxes

Sales and use taxes

Transient occupancy taxes

Property transfer tax

Timber yield tax

Franchise fees

Interest and investment earnings

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Prior period adjustment

Net Position - Beginning, Restated

Net Position - Ending

The notes to the basic financial statements are an integral part of this statement.

**Net (Expense) Revenue and
Changes in Net Position**

Governmental Activities	Business- Type Activities	Totals
\$ (1,578,617)	\$ -	\$ (1,578,617)
(3,273,384)	-	(3,273,384)
376,838	-	376,838
(106,916)	-	(106,916)
(43,739)	-	(43,739)
288,772	-	288,772
(1,384,143)	-	(1,384,143)
(101,604)	-	(101,604)
<u>(5,822,793)</u>	<u>-</u>	<u>(5,822,793)</u>
-	2,473,454	2,473,454
-	(43,136)	(43,136)
<u>-</u>	<u>2,430,318</u>	<u>2,430,318</u>
<u>(5,822,793)</u>	<u>2,430,318</u>	<u>(3,392,475)</u>
3,705,666	-	3,705,666
252,375	-	252,375
297,251	-	297,251
30,064	-	30,064
104,325	-	104,325
17,873	-	17,873
334,015	30,171	364,186
195,884	-	195,884
1,622	(1,622)	-
<u>4,939,075</u>	<u>28,549</u>	<u>4,967,624</u>
<u>(883,718)</u>	<u>2,458,867</u>	<u>1,575,149</u>
13,171,519	(3,093,567)	10,077,952
<u>190,233</u>	<u>250,032</u>	<u>440,265</u>
<u>13,361,752</u>	<u>(2,843,535)</u>	<u>10,518,217</u>
<u>\$ 12,478,034</u>	<u>\$ (384,668)</u>	<u>\$ 12,093,366</u>

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Basic Financial Statements

- **Fund Financial Statements**

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COUNTY OF SIERRA
Balance Sheet
Governmental Funds
June 30, 2019

	General	Road	Human Services	Public Health and Drug Programs
ASSETS				
Cash and investments	\$ 967,434	\$ 421,100	\$ 5,927,362	\$ 7,890,992
Receivables:				
Accounts	-	7,919	-	80
Taxes	142,364	-	-	-
Intergovernmental	261,671	530,644	267,004	889,038
Prepaid costs	1,881,013	-	-	-
Deposits	-	-	-	-
Inventory	-	66,805	-	-
Due from other funds	137,166	-	-	-
Total Assets	\$ 3,389,648	\$ 1,026,468	\$ 6,194,366	\$ 8,780,110
LIABILITIES				
Accounts payable	\$ 134,208	\$ 231,046	\$ 16,204	\$ 131,460
Salaries and benefits payable	497,595	181,273	119,357	209,370
Accrued claims liability	1,509,425	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	2,141,228	412,319	135,561	340,830
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	110,777	361,908	39,984	520,693
Total Deferred Inflows of Resources	110,777	361,908	39,984	520,693
FUND BALANCES				
Nonspendable	371,588	66,805	-	-
Restricted	-	185,436	6,018,821	7,918,587
Unassigned	766,055	-	-	-
Total Fund Balances	1,137,643	252,241	6,018,821	7,918,587
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,389,648	\$ 1,026,468	\$ 6,194,366	\$ 8,780,110

The notes to the basic financial statements are an integral part of this statement.

Other Governmental Funds	Totals
\$ 2,067,341	\$17,274,229
57,409	65,408
3,945	146,309
149,141	2,097,498
-	1,881,013
775	775
-	66,805
-	137,166
<u>\$ 2,278,611</u>	<u>\$21,669,203</u>
\$ 39,707	\$ 552,625
3,389	1,010,984
-	1,509,425
<u>29,534</u>	<u>29,534</u>
<u>72,630</u>	<u>3,102,568</u>
<u>43,852</u>	<u>1,077,214</u>
<u>43,852</u>	<u>1,077,214</u>
-	438,393
2,203,311	16,326,155
<u>(41,182)</u>	<u>724,873</u>
<u>2,162,129</u>	<u>17,489,421</u>
<u>\$ 2,278,611</u>	<u>\$21,669,203</u>

COUNTY OF SIERRA
Reconciliation of the Governmental Funds Balance
Sheet to the Government-Wide Statement of
Net Position - Governmental Activities
June 30, 2019

Total Fund Balances - Total Governmental Funds	\$ 17,489,421
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.	16,808,743
Other long term assets are not available to pay for current period expenditures and therefore, are reported as unavailable revenues in the governmental funds.	1,077,214
Deferred outflows of resources related to pension and OPEB are not reported in the governmental funds.	4,112,900
Deferred inflows of resources related to pension and OPEB are not reported in the governmental funds.	(2,932,563)
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.	
Pension obligation bonds payable	(1,750,000)
Capital leases payable	(83,753)
Compensated absences	(436,051)
Net pension liability	(19,873,501)
Net OPEB liability	(1,934,376)
Net Position of Governmental Activities	<u><u>\$ 12,478,034</u></u>

The notes to the basic financial statements are an integral part of this statement.

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COUNTY OF SIERRA
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	General	Road	Human Services	Public Health and Drug Programs
REVENUES				
Taxes and assessments	\$ 4,179,961	\$ -	\$ 6,413	\$ -
Licenses, permits, and franchises	143,528	-	-	-
Fines and forfeitures	53,413	-	-	-
Intergovernmental	1,446,684	2,434,176	3,249,350	3,712,618
Use of money and property	172,083	27,452	5,472	121,819
Charges for services	1,655,315	855,429	15	64,070
Other revenues	137,162	379	15,170	249
Total Revenues	7,788,146	3,317,436	3,276,420	3,898,756
EXPENDITURES				
Current:				
General government	3,538,960	-	-	-
Public protection	4,764,992	-	-	-
Health and welfare	2,018	-	-	4,179,548
Public assistance	105,348	-	2,433,998	-
Education	46,460	-	-	-
Culture and recreation	276,628	-	-	-
Public ways and facilities	37,763	3,139,756	-	-
Debt service:				
Principal	22,075	1,226	12,110	24,273
Interest and other charges	1,091	61	599	1,199
Capital outlay	169,464	122,899	111,890	-
Total Expenditures	8,964,799	3,263,942	2,558,597	4,205,020
Excess of Revenues Over (Under) Expenditures	(1,176,653)	53,494	717,823	(306,264)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,599,365	9,163	-	167,135
Transfers out	(417,694)	(156,587)	(217,219)	(148,762)
Total Other Financing Sources (Uses)	1,181,671	(147,424)	(217,219)	18,373
Net Change in Fund Balances	5,018	(93,930)	500,604	(287,891)
Fund Balances - Beginning	1,132,625	346,171	5,518,217	8,206,478
Prior period adjustment	-	-	-	-
Fund Balances - Beginning, Restated	1,132,625	346,171	5,518,217	8,206,478
Fund Balances - Ending	\$ 1,137,643	\$ 252,241	\$ 6,018,821	\$ 7,918,587

The notes to the basic financial statements are an integral part of this statement.

Other Governmental Funds	Totals
\$ 237,013	\$ 4,423,387
-	143,528
36,774	90,187
2,166,022	13,008,850
7,189	334,015
336,724	2,911,553
64,815	217,775
<u>2,848,537</u>	<u>21,129,295</u>
358,256	3,897,216
142,192	4,907,184
-	4,181,566
-	2,539,346
-	46,460
-	276,628
614,078	3,791,597
526,074	585,758
98,654	101,604
94,356	498,609
<u>1,833,610</u>	<u>20,825,968</u>
<u>1,014,927</u>	<u>303,327</u>
630,621	2,406,284
(1,464,400)	(2,404,662)
<u>(833,779)</u>	<u>1,622</u>
<u>181,148</u>	<u>304,949</u>
2,095,245	17,298,736
<u>(114,264)</u>	<u>(114,264)</u>
<u>1,980,981</u>	<u>17,184,472</u>
<u><u>\$ 2,162,129</u></u>	<u><u>\$17,489,421</u></u>

COUNTY OF SIERRA
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2019

Net Change in Fund Balances - Total Governmental Funds **\$ 304,949**

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

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

Expenditures for capital outlay	498,609
Less current year depreciation	(1,643,211)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the net cost of the capital assets disposed. There were no significant proceeds.

(21,891)

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

Reduction of court revenues	31,555
Principal retirements	585,758

Some revenues reported in the statement of activities will not be collected for several months after the County's year end and do not provide current financial resources and therefore, are not reported as revenues in the governmental funds.

Change in unavailable revenue	706,822
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Certain changes in deferred outflows and deferred inflows of resources reported in the statement of activities relate to long-term liabilities and are not reported in the governmental funds.

Change in deferred outflows of resources related to pension	312,847
Change in deferred inflows of resources related to pension	(1,478,252)
Change in deferred outflows of resources related to OPEB	5,573
Change in deferred inflows of resources related to OPEB	17,667

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

Change in compensated absences	(67,715)
Change in net pension liability	(118,702)
Change in net OPEB liability	(17,727)

Change in Net Position of Governmental Activities	\$ (883,718)
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The notes to the basic financial statements are an integral part of this statement.

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COUNTY OF SIERRA
Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-Type Activities Enterprise Funds		
	Solid Waste	Other Enterprise Funds	Totals
ASSETS			
Current Assets:			
Cash and investments	\$ 245,840	\$ -	\$ 245,840
Receivables:			
Accounts	1,195	-	1,195
Taxes	18,923	-	18,923
Intergovernmental	-	48,000	48,000
Total Current Assets	265,958	48,000	313,958
Noncurrent Assets:			
Restricted cash and investments	1,193,045	-	1,193,045
Capital Assets :			
Non-depreciable	1,365,815	-	1,365,815
Depreciable, net	186,648	68,288	254,936
Total Noncurrent Assets	2,745,508	68,288	2,813,796
Total Assets	3,011,466	116,288	3,127,754
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension adjustments	9,356	-	9,356
Total Deferred Outflows of Resources	9,356	-	9,356
LIABILITIES			
Current Liabilities:			
Accounts payable	28,371	-	28,371
Salaries and benefits payable	14,748	-	14,748
Due to other funds	-	48,708	48,708
Total Current Liabilities	43,119	48,708	91,827
Noncurrent Liabilities:			
Closure/postclosure liability	3,375,882	-	3,375,882
Net pension liability	47,154	-	47,154
Total Noncurrent Liabilities	3,423,036	-	3,423,036
Total Liabilities	3,466,155	48,708	3,514,863
DEFERRED INFLOWS OF RESOURCES			
Deferred pension adjustments	6,915	-	6,915
Total Deferred Inflows of Resources	6,915	-	6,915
NET POSITION			
Investment in capital assets	1,552,463	68,288	1,620,751
Unrestricted	(2,004,711)	(708)	(2,005,419)
Total Net Position	\$ (452,248)	\$ 67,580	\$ (384,668)

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF SIERRA
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	Business-Type Activities Enterprise Funds		
	Solid Waste	Other Enterprise Funds	Totals
OPERATING REVENUES			
Charges for services	\$ 1,162,163	\$ -	\$ 1,162,163
Passenger fares	-	17,768	17,768
Total Operating Revenues	<u>1,162,163</u>	<u>17,768</u>	<u>1,179,931</u>
OPERATING EXPENSES			
Salaries and benefits	154,427	-	154,427
Services and supplies	(1,435,641)	-	(1,435,641)
Purchased transportation	-	125,768	125,768
Administration	-	3,677	3,677
Depreciation	14,923	43,380	58,303
Total Operating Expenses	<u>(1,266,291)</u>	<u>172,825</u>	<u>(1,093,466)</u>
Operating Income (Loss)	<u>2,428,454</u>	<u>(155,057)</u>	<u>2,273,397</u>
NON-OPERATING REVENUES (EXPENSES)			
Intergovernmental	45,000	111,921	156,921
Interest income	31,123	(952)	30,171
Total Non-Operating Revenues (Expenses)	<u>76,123</u>	<u>110,969</u>	<u>187,092</u>
Income (Loss) Before Transfers	<u>2,504,577</u>	<u>(44,088)</u>	<u>2,460,489</u>
Transfers out	(1,622)	-	(1,622)
Change in Net Position	<u>2,502,955</u>	<u>(44,088)</u>	<u>2,458,867</u>
Total Net Position - Beginning	<u>(3,205,235)</u>	<u>111,668</u>	<u>(3,093,567)</u>
Prior period adjustment	250,032	-	250,032
Total Net Position - Beginning, Restated	<u>(2,955,203)</u>	<u>111,668</u>	<u>(2,843,535)</u>
Total Net Position - Ending	<u>\$ (452,248)</u>	<u>\$ 67,580</u>	<u>\$ (384,668)</u>

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF SIERRA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	Business-Type Activities Enterprise Funds		
	Solid Waste	Other Enterprise Funds	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,161,437	\$ 17,768	\$ 1,179,205
Payments to suppliers	(814,480)	(129,445)	(943,925)
Payments to employees	(177,985)	-	(177,985)
Net Cash Provided (Used) by Operating Activities	168,972	(111,677)	57,295
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Taxes received	(6,441)	-	(6,441)
Intergovernmental revenue received	45,231	111,921	157,152
Transfers to other funds	(1,622)	-	(1,622)
Interfund loans received	-	224	224
Net Cash Provided (Used) by Noncapital Financing Activities	37,168	112,145	149,313
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(1,170,575)	-	(1,170,575)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,170,575)	-	(1,170,575)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	31,123	(952)	30,171
Net Cash Provided (Used) by Investing Activities	31,123	(952)	30,171
Net Increase (Decrease) in Cash and Cash Equivalents	(933,312)	(484)	(933,796)
Balances - Beginning	2,372,197	484	2,372,681
Balances - Ending	\$ 1,438,885	\$ -	\$ 1,438,885
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 2,428,454	\$ (155,057)	\$ 2,273,397
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	14,923	43,380	58,303
Decrease (increase) in:			
Accounts receivable	(726)	-	(726)
Pension adjustments - deferred outflows	15,497	-	15,497
Increase (decrease) in:			
Accounts payable	(143,368)	-	(143,368)
Salaries and benefits payable	(1,487)	-	(1,487)
Pension adjustments - deferred inflows	(425)	-	(425)
Net pension liability	(37,143)	-	(37,143)
Closure/postclosure liability	(2,106,753)	-	(2,106,753)
Net Cash Provided (Used) by Operating Activities	\$ 168,972	\$ (111,677)	\$ 57,295

The notes to the basic financial statements are an integral part of this statement.

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COUNTY OF SIERRA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	<u>Investment Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and investments	\$ 8,158,298	\$ 511,233
Receivables:		
Accounts	-	832,249
Taxes	-	80,295
	<u> </u>	<u> </u>
Total Assets	<u>8,158,298</u>	<u>1,423,777</u>
LIABILITIES		
Accounts payable	-	27,474
Due to other funds	-	58,924
Agency funds held for others	-	1,337,379
	<u> </u>	<u> </u>
Total Liabilities	<u>-</u>	<u>1,423,777</u>
NET POSITION		
Held in trust for pool participants	<u><u>\$ 8,158,298</u></u>	<u><u>\$ -</u></u>

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF SIERRA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2019

	<u>Investment Trust Funds</u>
ADDITIONS	
Contributions to investment pool	\$10,121,126
Revenue from use of money and property	<u>125,122</u>
Total Additions	<u>10,246,248</u>
DEDUCTIONS	
Distributions from investment pool	<u>10,788,394</u>
Total Deductions	<u>10,788,394</u>
Total Change in Net Position	<u>(542,146)</u>
Net Position - Beginning	8,586,180
Prior period adjustment	<u>114,264</u>
Net Position - Beginning, Restated	<u>8,700,444</u>
Net Position - Ending	<u><u>\$ 8,158,298</u></u>

The notes to the basic financial statements are an integral part of this statement.

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Basic Financial Statements

- **Notes to Basic Financial Statements**

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COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

For financial reporting purposes, the County's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the Board of Supervisors. The financial statements of the individual component units may be obtained by writing to the County of Sierra, Auditor-Controller's Office, 211 Nevada Street, Downieville, CA 95936.

Blended Component Units

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

County Service Area No. 1
County Service Area No. 3
County Service Area No. 5
Verdi Fire Zone

County Service Area No. 2
County Service Area No. 4
Sierra Brooks Water

Discretely Presented Component Units

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

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Joint Agencies

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

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

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information on all of the nonfiduciary activities of the County and its blended component units. These statements include the financial activities of the overall government, except fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the County. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

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

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Fund Financial Statements

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

The County reports the following major governmental funds:

- The General fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General fund includes such activities as public protection, health and sanitation, public assistance, education, and general government administration services.
- The Road fund is a special revenue fund used to account for revenues and expenditures for streets and road expansion. Funding comes primarily from state highway user taxes and state and federal highway improvement grants.
- The Human Services fund is a special revenue fund used to account for revenues and expenditures for public assistance programs. Funding comes primarily from federal and state grants.
- The Public Health and Drug Programs fund is a special revenue fund used to account for revenue and expenditures for public health programs. Funding comes primarily from federal and state grants.

The County reports the following major proprietary fund:

- The Solid Waste fund is an enterprise fund used to account for activity related to providing customers with solid waste service.

The County reports the following additional fund types:

- The Investment Trust funds account for the assets of legally separate entities that deposit cash with the County Treasurer. The assets of these funds are held in trust for other agencies and are part of the County's external pool. The external investment pool is made up of: school districts, special districts governed by local boards, regional boards and authorities, and pass-through funds for tax collections for cities.
- Agency funds account for the receipt and disbursement of various taxes, deposits, deductions, and property collected by the County, acting in the capacity of an agent for distribution to other organizations.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting and Measurement Focus

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

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

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

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

D. Non-Current Governmental Assets/Liabilities

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

E. Cash and Cash Equivalents

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

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Investments

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

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

Participant's equity in the investment pool is determined by the dollar amount of participant deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Interest payments, accrued interest, accreted discounts, amortized premiums, and realized capital gains and losses, net of administrative fees, are apportioned to pool participants every quarter. This method differs from the fair value method used to value investments in these financial statements as unrealized gains or losses are not apportioned to pool participants. During the fiscal year ended June 30, 2019, the County Treasurer has not entered into any legally binding guarantees to support the value of participant equity in the investment pool.

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

G. Restricted Cash and Investments

Restricted assets in the County's enterprise funds represent cash and investments held in the Solid Waste fund of \$1,193,045 for closure/postclosure funding.

H. Receivables

Receivables for governmental activities consist mainly of accounts, taxes and intergovernmental revenue. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

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

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Other Assets

Inventory

Inventories are stated at cost (first-in, first-out basis) for governmental funds. Inventory recorded by governmental funds includes fuel, materials, and supplies for roads. Governmental fund inventories are recorded as expenditures at the time the inventory is consumed.

Prepaid Costs

Payments made for services that will benefit periods beyond June 30, 2019 are recorded as prepaid costs 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.

J. Capital Assets

Capital assets, including public domain (infrastructure such as roads, bridges, sidewalks, sewer, and similar items) are defined by the County as assets with an initial cost of more than \$7,500 and an estimated useful life in excess of one year. Repairs and upgrades to existing equipment and structures with a value of \$7,500 or more for equipment and \$10,000 or more for structures, and extends the useful life of the item for more than three years shall be capitalized. Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is unavailable. Contributed capital assets are recorded at their acquisition value at the date of donation.

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

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Equipment	5 to 15 years
Structures and improvements	30 years
Infrastructure (except for the maintained pavement subsystem)	30 years

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

K. Property Tax

The County of Sierra is responsible for assessing, collecting, and distributing property taxes in accordance with State law. Property taxes are levied on both secured (real property) and unsecured (personal property other than land and buildings) property. Supplemental property taxes are assessed upon transfer of ownership in property or completion of new construction.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Property Tax (Continued)

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

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

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

The County is legally required to maintain a minimum balance of 1 percent of the annual taxes levied on properties participating in the Teeter Plan. The balance in the TLRF was \$62,309 at June 30, 2019. The County’s management believes that any ownership rights to the TLRF the County may have are effective only upon a Board approved transfer or to the extent of losses related to the sale of tax defaulted property. Amounts in the TLRF are considered to be held in a custodial capacity for the participants in the County’s Teeter Plan and accounted for in an agency fund.

L. Interfund Transactions

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

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

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

Reimbursements occur when the funds responsible for particular expenditures or expenses repay the funds that initially paid for them. Such reimbursements are reflected as expenditures or expenses in the reimbursing fund and reductions to expenditures or expenses in the reimbursed fund.

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

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Unearned Revenue

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

N. Compensated Absences

Vacation leave may be accumulated depending on the length of an employee's years of service, up to a maximum of 320 hours or 40 days. Sick leave is paid out only for employees with 15 years or more of employment with the County, at 40 percent of time accrued up to a maximum of 960 hours or 120 days. In the government-wide financial statements the accrued compensated absences are recorded as an expense and related liability, with the current portion estimated based on historical trends. In the governmental fund financial statements, the expenditures and liabilities related to those obligations are recognized only when they mature.

O. Pension

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

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	June 30, 2017 to June 30, 2018

P. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	June 30, 2017 to June 30, 2018

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has three types of items which qualify for reporting in this category. One item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for receivables that have not been received within the modified accrual period. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other items relate to inflows from changes in the net pension liability and net OPEB liability and are reportable on the Statement of Net Position.

R. Estimates

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

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

The following Governmental Accounting Standards Board (GASB) Statements have been implemented, if applicable, in the current financial statements.

Statement No. 83, Certain Asset Retirement Obligations (AROs). This statement enhances the comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain AROs including obligations that may not have been previously reported. This statement also enhances the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs.

Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements. This statement improves financial reporting by providing users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risk associated with changes in terms associated with debt will be disclosed. As a result, users will have better information to understand the effects of debt on a government's future resource flows.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Restatement of Net Position/Fund Balance

Adjustments resulting from errors or a change to comply with provisions of the accounting standards are treated as adjustments to prior periods. Accordingly, the County reports these changes as restatements of beginning net position/fund balance. During the current year a prior period adjustment was made to reflect the prior period costs related to an understatement of construction in progress. The County also reported a prior period adjustment to properly reclassify one debt service fund as an investment trust fund.

The impact of the restatement on the net position of the government-wide financial statements as previously reported is presented below:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net Position, June 30, 2018, as previously reported	\$ 13,171,519	(\$ 3,093,567)
Adjustment associated with:		
Correction of prior year construction in progress	<u>304,497</u>	<u>250,032</u>
Total Adjustments	<u>304,497</u>	<u>250,032</u>
Net Position, July 1, 2018, as restated	<u>\$ 13,476,016</u>	<u>(\$ 2,843,535)</u>

The impact of the restatement on the net position/fund balance of the fund financial statements as previously reported is presented below:

	<u>Other Governmental Funds</u>	<u>Solid Waste</u>	<u>Investment Trust Funds</u>
Net Position/Fund Balance, June 30, 2018, as previously reported	\$ 2,095,245	(\$ 3,205,235)	\$ 8,586,180
Adjustment associated with:			
Correction of prior year construction in progress	-	250,032	-
Reclassification of fund	(<u>114,264</u>)	<u>-</u>	<u>114,264</u>
Total Adjustments	(<u>114,264</u>)	<u>250,032</u>	<u>114,264</u>
Net Position/Fund Balance, July 1, 2018, as restated	<u>\$ 1,980,981</u>	<u>(\$ 2,955,203)</u>	<u>\$ 8,700,444</u>

B. Deficit Fund Balance/Net Position

The following nonmajor special revenue fund had a deficit fund balance:

- The Office of Emergency Services fund had a fund balance deficit of \$41,182, which is expected to be eliminated in future years through grant revenues.

The following major enterprise fund had a deficit net position:

- The Solid Waste fund had a net position deficit of \$452,248, which is expected to be eliminated in future years through increased revenues.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 3: CASH AND INVESTMENTS

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

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

The County sponsored investment pool includes both internal and external participants. The portion of the pool attributable to external pool participants, which are considered involuntary participants, are included in the primary government as Investment Trust Funds which do not have separate financial reports. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer. The investments of involuntary participants in the investment pool totaled \$8,069,380 at June 30, 2019.

A. Financial Statement Presentation

As of June 30, 2019, the County's cash and investments are reported in the financial statements as follows:

Primary government	\$ 18,713,114
Investment trust funds	8,158,298
Agency funds	<u>511,233</u>
Total Cash and Investments	<u>\$ 27,382,645</u>

As of June 30, 2019, the County's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 6,656
Deposits in Treasurer's Pool (less outstanding checks)	<u>908,890</u>
Total Cash	<u>915,546</u>
Investments:	
In Treasurer's Pool	<u>26,467,099</u>
Total Investments	<u>26,467,099</u>
Total Cash and Investments	<u>\$ 27,382,645</u>

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

B. Cash

At year end, the carrying amount of the County's cash deposits (including the amount in a checking account) was \$908,890 and the bank balance was \$1,081,568. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. In addition, the County had cash on hand of \$6,656.

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

C. Investments

Pursuant to Section 53646 of the Government Code, the County prepares an investment policy annually and presents it to the Board of Supervisors for review and approval. The investment policy provides the basis for the management of a prudent, conservative investment program. Funds are invested to provide the maximum security of principal with secondary emphasis on achieving the highest return, while meeting daily cash flow needs. All investments are made in accordance with the Government Code and, in general, the investment policy is more restrictive than state law.

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

- Bankers Acceptances
- Commercial Paper
- Local Agency Investment Fund (LAIF)
- Medium Term Corporate Notes
- California Asset Management Program (CAMP)
- Negotiable Certificates of Deposit
- Time Certificates of Deposit
- Repurchase Agreements
- Investment Trust of California (CalTRUST)
- Securities of the Federal Government or its Agencies

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

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

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

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

At June 30, 2019, the County had the following recurring fair value measurements:

Investment Type	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level				
Federal Agencies	\$ 8,357,659	\$ -	\$ 8,357,659	\$ -
Medium Term Notes	6,739,128	-	6,739,128	-
Commercial Paper	489,913	-	489,913	-
Negotiable Certificates of Deposit	299,998	-	299,998	-
U.S. Treasuries	<u>5,964,950</u>	<u>-</u>	<u>5,964,950</u>	<u>-</u>
Total Investments Measured at Fair Value	21,851,648	<u>\$ -</u>	<u>\$21,851,648</u>	<u>\$ -</u>
Investments in External Investment Pools				
LAIF	2,507,452			
CAMP	<u>2,107,999</u>			
Total Investments	<u>\$ 26,467,099</u>			

Interest Rate Risk - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. To limit the exposure to fair value losses resulting from increases in interest rates, the County's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the County to meet all projected obligations. Any investments that mature more than five years from the date of purchase require prior approval of the Board of Supervisors.

As of June 30, 2019, the County had the following investments, all of which had a maturity of 5 years or less:

Investment Type	Interest Rates	Maturities		Fair Value	Weighted Average Maturity (Years)
		0-1 year	1-5 years		
Federal Agencies	0.875-3.000%	\$ 3,251,034	\$ 5,106,625	\$ 8,357,659	1.88
Medium Term Notes	1.250-3.375%	825,355	5,913,773	6,739,128	2.31
Commercial Paper	2.720%	489,913	-	489,913	0.26
Negotiable Certificates of Deposit	2.125%	299,998	-	299,998	0.00
U.S. Treasuries	0.875-2.000%	2,396,456	3,568,494	5,964,950	1.00
LAIF	Variable	2,507,452	-	2,507,452	-
CAMP	Variable	<u>2,107,999</u>	<u>-</u>	<u>2,107,999</u>	<u>-</u>
Total Investments		<u>\$11,878,207</u>	<u>\$14,588,892</u>	<u>\$26,467,099</u>	<u>1.41</u>

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

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

<u>Investment Type</u>	<u>Minimum Legal Rating</u>	<u>Standard & Poor's Rating</u>	<u>Moody's Rating</u>	<u>% of Portfolio</u>
Federal Home Loan Bank	-	-	-	12.80%
Federal National Mortgage Association	-	-	-	10.10%
Federal Home Loan Mortgage Corporation	-	-	-	4.90%
Federal Farm Credit Bank	-	-	-	3.78%
Medium Term Notes	A	A	A1	2.45%
Medium Term Notes	A	A	A2	6.77%
Medium Term Notes	A	A	A3	0.94%
Medium Term Notes	A	A-	A2	2.72%
Medium Term Notes	A	A+	A1	1.50%
Medium Term Notes	A	A+	A2	0.94%
Medium Term Notes	A	AA	Aa2	2.79%
Medium Term Notes	A	AA-	A1	2.83%
Medium Term Notes	A	AA-	Aa3	2.63%
Medium Term Notes	A	AA+	Aa1	0.95%
Medium Term Notes	A	AA+	Aaa	0.93%
Commercial Paper	A	A-1	P-1	1.85%
Negotiable Certificates of Deposit	A	AA-	Aa1	1.13%
U.S. Treasuries	-	-	-	22.54%
LAIF	N/A	Unrated	Unrated	9.48%
CAMP	N/A	Unrated	Unrated	7.97%
Total				<u>100.00%</u>

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

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. The County's investment policy contains limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) at June 30, 2019, that represent 5 percent or more of total County investments are as follows:

<u>Investment Type</u>	<u>Amount Invested</u>	<u>Percentage of Investments</u>
Federal Home Loan Bank	\$ 3,388,515	12.80%
Federal National Mortgage Association	2,672,922	10.10%

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

D. Investment in External Investment Pools

The County of Sierra maintains an investment in the State of California Local Agency Investment Fund (LAIF), managed by the State Treasurer. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. At June 30, 2019, the County's investment in LAIF valued at amortized cost was \$2,507,452 and is the same as the value of the pool shares. There are no restrictions on withdrawal of funds. The total amount invested by all public agencies in LAIF on that day was \$105.8 billion. Of that amount, 98.23 percent is invested in non-derivative financial products and 1.77 percent in structured notes and asset-backed securities.

The County of Sierra also maintains an investment in the California Asset Management Program (CAMP), a California JPA established in 1989 by the treasurers and finance directors of several California agencies. CAMP was created to provide professional investment services to California public agencies at a reasonable cost. The County's investment with CAMP as of June 30, 2019, was \$2,107,999, which approximates fair value.

E. County Investment Pool Condensed Financial Information

The following are condensed statements of net position and changes in net position for the Treasurer's Pool at June 30, 2019:

	Internal Participants	External Participants	Total Pool
Statement of Net Position			
Cash on hand	\$ 6,656	\$ -	\$ 6,656
Deposits (less outstanding checks)	908,890	-	908,890
Investments	<u>18,308,801</u>	<u>8,158,298</u>	<u>26,467,099</u>
Net Position at June 30, 2019	<u>\$ 19,224,347</u>	<u>\$ 8,158,298</u>	<u>\$ 27,382,645</u>
Statement of Changes in Net Position			
Net position at July 1, 2018	\$ 19,929,015	\$ 8,586,180	\$ 28,515,195
Net changes in investments by pool participants	(704,668)	(427,882)	(1,132,550)
Net Position at June 30, 2019	<u>\$ 19,224,347</u>	<u>\$ 8,158,298</u>	<u>\$ 27,382,645</u>

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 4: CAPITAL ASSETS

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

	Balance July 1, 2018	Additions	Retirements	Adjustments	Balance June 30, 2019
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,055,098	\$ -	\$ -	\$ -	\$ 1,055,098
Construction in progress	984,173	197,285	(20,891)	150,344	1,310,911
Historical treasures	<u>32,013</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,013</u>
Total Capital Assets, Not Being Depreciated	<u>2,071,284</u>	<u>197,285</u>	<u>(20,891)</u>	<u>150,344</u>	<u>2,398,022</u>
Capital Assets, Being Depreciated:					
Infrastructure	20,769,523	-	-	154,153	20,923,676
Structures and improvements	8,174,921	183,556	-	-	8,358,477
Equipment	<u>8,534,081</u>	<u>117,768</u>	<u>(22,089)</u>	<u>-</u>	<u>8,629,760</u>
Total Capital Assets, Being Depreciated	<u>37,478,525</u>	<u>301,324</u>	<u>(22,089)</u>	<u>154,153</u>	<u>37,911,913</u>
Less Accumulated Depreciation For:					
Infrastructure	(10,137,816)	(1,080,553)	-	-	(11,218,369)
Structures and improvements	(4,566,557)	(236,584)	-	-	(4,803,141)
Equipment	<u>(7,174,697)</u>	<u>(326,074)</u>	<u>21,089</u>	<u>-</u>	<u>(7,479,682)</u>
Total Accumulated Depreciation	<u>(21,879,070)</u>	<u>(1,643,211)</u>	<u>21,089</u>	<u>-</u>	<u>(23,501,192)</u>
Total Capital Assets, Being Depreciated, Net	<u>15,599,455</u>	<u>(1,341,887)</u>	<u>(1,000)</u>	<u>154,153</u>	<u>14,410,721</u>
Governmental Activities Capital Assets, Net	<u>\$17,670,739</u>	<u>(\$1,144,602)</u>	<u>(\$ 21,891)</u>	<u>\$ 304,497</u>	<u>\$ 16,808,743</u>
Business-Type Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 122,124	\$ -	\$ -	\$ -	\$ 122,124
Construction in progress	<u>-</u>	<u>993,659</u>	<u>-</u>	<u>250,032</u>	<u>1,243,691</u>
Total Capital Assets, Not Being Depreciated	<u>122,124</u>	<u>993,659</u>	<u>-</u>	<u>250,032</u>	<u>1,365,815</u>
Capital Assets, Being Depreciated:					
Structures and improvements	79,116	61,170	-	-	140,286
Equipment	<u>410,776</u>	<u>115,746</u>	<u>-</u>	<u>-</u>	<u>526,522</u>
Total Capital Assets, Being Depreciated	<u>489,892</u>	<u>176,916</u>	<u>-</u>	<u>-</u>	<u>666,808</u>
Less Accumulated Depreciation For:					
Structures and improvements	(71,208)	(2,236)	-	-	(73,444)
Equipment	<u>(282,361)</u>	<u>(56,067)</u>	<u>-</u>	<u>-</u>	<u>(338,428)</u>
Total Accumulated Depreciation	<u>(353,569)</u>	<u>(58,303)</u>	<u>-</u>	<u>-</u>	<u>(411,872)</u>
Total Capital Assets, Being Depreciated, Net	<u>136,323</u>	<u>118,613</u>	<u>-</u>	<u>-</u>	<u>254,936</u>
Business-Type Activities Capital Assets, Net	<u>\$ 258,447</u>	<u>\$ 1,112,272</u>	<u>\$ -</u>	<u>\$ 250,032</u>	<u>\$ 1,620,751</u>

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 4: CAPITAL ASSETS (CONTINUED)

Depreciation

Depreciation expense was charged to governmental activities as follows:

General government	\$ 132,532
Public protection	237,028
Health and welfare	73,996
Public assistance	9,484
Culture and recreation	51,681
Public ways and facilities	<u>1,138,490</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 1,643,211</u>

Depreciation expense was charged to business-type activities as follows:

Solid waste	\$ 14,923
Transit	<u>43,380</u>
Total Depreciation Expense – Business-Type Activities	<u>\$ 58,303</u>

Construction in Progress

Construction in progress for governmental activities relates primarily to work performed on the Packer Lake Bridge, Salmon Lake Bridge, Plumbago Road Bridge and the Sierra Brooks Water System. Construction in progress for business-type activities relates primarily to landfill closure.

Historical Treasures

Historical treasures consist of 159 gold nuggets weighing approximately 1,000 ounces in total. The nuggets were originally donated to the County and are currently on exhibit at the Los Angeles County Museum of Natural History. The gold is insured for \$2,000,000, and was valued at fair market value at the time of donation in 1880. The gold is not capitalized because it has met all of the conditions to qualify as collections that are not required to be capitalized. These conditions are:

- The gold is held for public exhibition or education in the furtherance of public service, not held for financial gain.

NOTE 5: INTERFUND TRANSACTIONS

Due To/From Other Funds

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

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 5: INTERFUND TRANSACTIONS (CONTINUED)

Due To/From Other Funds (Continued)

The following are due from and due to balances as of June 30, 2019:

	Due From Other Funds	Due To Other Funds
General fund	\$ 137,166	\$ -
Nonmajor governmental funds	-	29,534
Nonmajor enterprise funds	-	48,708
Agency funds	-	58,924
Total	<u>\$ 137,166</u>	<u>\$ 137,166</u>

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, and re-allocations of special revenues. The following are the interfund transfer balances as of June 30, 2019:

	Transfers In	Transfers Out
General fund	\$ 1,599,365	\$ 417,694
Road	9,163	156,587
Human Services	-	217,219
Public Health and Drug Programs	167,135	148,762
Nonmajor governmental funds	630,621	1,464,400
Solid Waste	-	1,622
Total	<u>\$ 2,406,284</u>	<u>\$ 2,406,284</u>

NOTE 6: LONG-TERM LIABILITIES

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

Type of Indebtedness	Balance July 1, 2018	Adjustments/ Additions	Retirements	Balance June 30, 2019	Amounts Due Within One Year
Governmental Activities					
Direct borrowing pension obligation bonds	\$ 2,254,000	\$ -	(\$ 504,000)	\$ 1,750,000	\$ 543,000
Capital leases payable	165,511	-	(81,758)	83,753	83,753
Compensated absences	368,336	561,199	(493,484)	436,051	436,051
Court repayment liability	31,555	-	(31,555)	-	-
Total Governmental Activities	<u>\$ 2,819,402</u>	<u>\$ 561,199</u>	<u>(\$ 1,110,797)</u>	<u>\$ 2,269,804</u>	<u>\$ 1,062,804</u>
Business-Type Activities					
Closure/postclosure	<u>\$ 5,482,635</u>	<u>\$ -</u>	<u>(\$ 2,106,753)</u>	<u>\$ 3,375,882</u>	<u>\$ -</u>
Total Business-Type Activities	<u>\$ 5,482,635</u>	<u>\$ -</u>	<u>(\$ 2,106,753)</u>	<u>\$ 3,375,882</u>	<u>\$ -</u>

The capital lease liability is liquidated by lease payments made by the departments leasing the equipment. Compensated absences for governmental activities are generally liquidated by the fund where the accrued liability occurred. The closure/post-closure liability will be liquidated by the Solid Waste fund.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

Individual issues of debt payable outstanding at June 30, 2019, are as follows:

Governmental Activities

Pension Obligation Bonds:

2012 Direct Borrowing Taxable Pension Obligation Bonds issued June 21, 2012, in the amount of \$4,630,000, due in annual installments of \$166,000 to \$311,000, with an interest rate of 4.60%, and a maturity on June 30, 2022. The bonds were used for the purposes of (a) refinancing the issuer's outstanding "side fund" obligations in respect of retired miscellaneous employees to the California Public Employees' Retirement System and (b) paying the costs associated with the issuance of the bonds. The bonds are secured by pledged revenue. In the event of default, the County agrees to pay accrued interest plus the principal of all unpaid installments under the related agreement.

	<u>\$ 1,750,000</u>
Total Pension Obligation Bonds	<u>1,750,000</u>
Total Governmental Activities	<u>\$ 1,750,000</u>

Following is a schedule of debt payment requirements of governmental activities to maturity for long-term debt, excluding compensated absences that have indefinite maturities, capital leases which are reported in Note 7, landfill closure/postclosure costs which are reported in Note 8, and the Court Repayment Liability which is reported in Note 9.

Year Ended June 30	Pension Obligation Bonds from Direct Borrowings		
	Principal	Interest	Totals
2020	\$ 543,000	\$ 74,244	\$ 617,244
2021	584,000	48,806	632,806
2022	<u>623,000</u>	<u>21,482</u>	<u>644,482</u>
Total	<u>\$ 1,750,000</u>	<u>\$ 144,532</u>	<u>\$ 1,894,532</u>

NOTE 7: LEASES

Operation Leases

Rental expenses incurred under operating leases are not considered material.

Capital Leases

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

	Stated Interest Rate	Present Value of Remaining Payments at June 30, 2019
Governmental activities	2.414-3.200%	<u>\$ 83,753</u>
Total		<u>\$ 83,753</u>

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 7: LEASES (CONTINUED)

Capital Leases (Continued)

Equipment and related accumulated depreciation under capital lease are as follows:

	<u>Governmental Activities</u>
Equipment	\$ 408,509
Less: accumulated depreciation	(253,850)
Net Value	<u>\$ 154,659</u>

As of June 30, 2019, capital lease annual amortization is as follows:

<u>Year Ended June 30</u>	<u>Governmental Activities</u>
2020	<u>\$ 85,798</u>
Total Requirements	85,798
Less: interest	(2,045)
Present Value of Remaining Payments	<u>\$ 83,753</u>

NOTE 8: CLOSURE/POSTCLOSURE

The County of Sierra is responsible for one operating landfill site. State and Federal laws and regulations require the County to perform certain closure and postclosure maintenance and monitoring functions at the site for thirty years after closure. GASB Statement No. 18 requires that a portion of these closure and postclosure care costs be reported as an operating expense in each year based on landfill capacity used as of each statement of net position date. The capacity of the landfill was formally reduced in 2012 following the County's adoption of a revised preliminary closure and postclosure maintenance plan which reflected the landfill's redesign to stay within its existing footprint. The redesign resulted in the total landfill capacity being reduced from 165,827 tons to 71,000 tons. The \$3,375,882 reported as closure/postclosure liability at June 30, 2019, represents the cumulative amount reported to date based on the estimate of 100.00 percent of total permitted site capacity filled.

The County will recognize the remaining estimated cost of closure and postclosure care of \$434,566 as the remaining estimated capacity is filled. This amount is based on what it would cost to perform all closure, postclosure, and corrective action care in 2019. Actual costs may be higher due to inflation, changes in technology, or changes in regulation.

The County is required by State and Federal laws and regulations to provide financial assurance that appropriate resources will be available to finance closure and postclosure care costs in the future. At June 30, 2019, cash and investments of \$1,193,045 were held for these purposes. This deposit is held in the Solid Waste fund.

The County expects that future inflation costs will be paid from interest earnings on the funds deposited. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example) these costs may need to be covered by charges to future landfill users or from future tax revenue.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 8: CLOSURE/POSTCLOSURE (CONTINUED)

The County has pledged Solid Waste assessments and fees to secure the payment of postclosure costs of the landfill in accordance with the terms and the provisions of the agreement with the California Department of Resources Recycling and Recovery (CalRecycle). The amount of the pledged revenue shall be equal to \$51,900 per year for the thirty (30) year period of postclosure maintenance, representing the most recent monitoring and postclosure maintenance costs estimate for the Loyalton landfill. It is agreed that the amount of this pledge may increase or decrease to match any adjustments to the identified cost estimate, which is mutually agreed to by the County of Sierra and CalRecycle.

NOTE 9: NET POSITION

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

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

Net Position Flow Assumption

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

NOTE 10: FUND BALANCES

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2019, fund balance for governmental funds is made up of the following:

- **Nonspendable fund balance** - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.
- **Restricted fund balance** - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed or lifted with the consent of resource providers.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 10: FUND BALANCES (CONTINUED)

- **Committed fund balance** - amounts that can only be used for the specific purposes determined by formal action of the County's highest level of decision-making authority. The Board of Supervisors is the highest level of decision making authority for the County that can, by adoption of an ordinance commit fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned fund balance** - amounts that are constrained by the County's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose.
- **Unassigned fund balance** - the residual classification for the County's General fund that includes all amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The fund balances for all major and nonmajor governmental funds as of June 30, 2019, were distributed as follows:

	General Fund	Road	Human Services	Public Health and Drug Programs	Other Governmental Funds	Totals
Nonspendable:						
Prepaid costs	\$ 371,588	\$ -	\$ -	\$ -	\$ -	\$ 371,588
Inventory	-	66,805	-	-	-	66,805
Subtotal	<u>371,588</u>	<u>66,805</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>438,393</u>
Restricted for:						
Road Programs	-	185,436	-	-	-	185,436
Social Service Programs	-	-	6,018,821	-	-	6,018,821
Public Health & Drug Programs	-	-	-	7,918,587	-	7,918,587
Fish and Game	-	-	-	-	6,644	6,644
Aviation	-	-	-	-	7,618	7,618
Predator Control	-	-	-	-	756	756
Clerk Recorder	-	-	-	-	52,207	52,207
Court Fines	-	-	-	-	52,395	52,395
Law Enforcement	-	-	-	-	1,647,471	1,647,471
Board of Supervisors	-	-	-	-	56,821	56,821
Fire Safe Programs	-	-	-	-	112,208	112,208
Tax Related Costs	-	-	-	-	23,958	23,958
Special Districts Under the Board	-	-	-	-	176,800	176,800
Debt Service	-	-	-	-	62,163	62,163
Capital Projects	-	-	-	-	4,270	4,270
Subtotal	<u>-</u>	<u>185,436</u>	<u>6,018,821</u>	<u>7,918,587</u>	<u>2,203,311</u>	<u>16,326,155</u>
Unassigned	<u>766,055</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41,182)</u>	<u>724,873</u>
Total	<u>\$1,137,643</u>	<u>\$ 252,241</u>	<u>\$6,018,821</u>	<u>\$ 7,918,587</u>	<u>\$ 2,162,129</u>	<u>\$ 17,489,421</u>

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 10: FUND BALANCES (CONTINUED)

Fund Balance Flow Assumptions

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

Fund Balance Policy

The Board of Supervisors has adopted a fund balance policy for financial statement reporting. The policy establishes procedures for reporting fund balance classifications, establishes prudent reserve requirements and establishes a hierarchy of fund balance expenditures. The policy also provides for a measure of financial protection for the County against unforeseen circumstances and to comply with GASB 54. The minimum unrestricted fund balance may be recognized within the committed, assigned, or unassigned classifications.

NOTE 11: PENSION PLAN

A. General Information about the Pension Plan

Plan Description

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

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

Summary of Rate of Tiers and Eligible Participants

Open for New Enrollment	
Miscellaneous PEPRA	Miscellaneous members hired on or after January 1, 2013
Safety County Peace Officer PEPRA	Active safety employees hired on or after January 1, 2013
Closed to New Enrollment	
Miscellaneous	Miscellaneous members hired before January 1, 2013
Safety	Safety employees hired before January 1, 2013

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 11: PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

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. Retirement benefits are paid monthly for life. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the plan are applied as specified by the Public Employees' Retirement Law.

Each Rate Tier's specific provisions and benefits in effect at June 30, 2019, are summarized as follows:

	<u>Benefit Formula</u>	<u>Retirement Age</u>	<u>Monthly Benefits as a % of Eligible Compensation</u>
Miscellaneous	2.7% @ 55	50-55	2.000% to 2.700%
Miscellaneous PEPRAs	2.0% @ 62	50-62	1.000% to 2.500%
Safety	3.0% @ 55	50-55	2.400% to 3.000%
Safety County Peace Officer PEPRAs	2.7% @ 57	50-57	2.000% to 2.700%

Contributions

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

	<u>Employer Contribution Rates</u>	<u>Employee Contribution Rates</u>	<u>Employer Paid Member Contribution Rates</u>
Miscellaneous	12.212%	8.000%	0.000%
Miscellaneous PEPRAs	6.842%	6.250%	0.000%
Safety	18.677%	9.000%	0.000%
Safety County Peace Officer PEPRAs	12.141%	11.500%	0.000%

For the year ended June 30, 2019, the contributions recognized as part of pension expense were as follows:

	<u>Contributions-Employer</u>	<u>Contributions-Employee (Paid by Employer)</u>
Miscellaneous	\$ 520,035	\$ -
Safety	148,948	-

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 11: PENSION PLAN (CONTINUED)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension

The County's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The County's proportionate share of the net pension liability for the Plan as of June 30, 2018 and 2019 was as follows:

	<u>Proportion June 30, 2018</u>	<u>Proportion June 30, 2019</u>	<u>Change- Increase (Decrease)</u>
Miscellaneous	.42127%	.43440%	.01314%
Safety	.07383%	.07387%	.00004%

As of June 30, 2019, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 16,371,452
Safety	<u>4,334,167</u>
Total Net Pension Liability	20,705,619
Less: amount allocated to independent entities	(<u>784,964</u>)
Total	<u>\$ 19,920,655</u>

For the year ended June 30, 2019, the County recognized pension expense of \$2,322,876. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 707,990	\$ -
Changes of assumptions	2,291,652	(514,792)
Difference between expected and actual experience	721,270	(214,107)
Difference between projected and actual earnings on pension plan investments	110,281	-
Difference between County contributions and proportionate share of contributions	-	(1,900,483)
Adjustment due to differences in proportions	<u>250,023</u>	<u>(377,745)</u>
Total	4,081,216	(3,007,127)
Less: amount allocated to independent entities	(<u>155,750</u>)	<u>115,115</u>
Total	<u>\$ 3,925,466</u>	<u>(\$ 2,892,012)</u>

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 11: PENSION PLAN (CONTINUED)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

\$707,990 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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 Ended <u>June 30</u>	
2020	\$ 1,147,833
2021	371,735
2022	(976,198)
2023	<u>(177,271)</u>
Total	<u>\$ 366,099</u>

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by entry-age and service
Mortality	Derived using CalPERS membership data for all funds
Post-Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90 percent of scale MP 2016. For more details on this table, please refer to the December 2017 Experience Study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 11: PENSION PLAN (CONTINUED)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

Discount Rate (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded single equivalent expected.

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>Assumed Asset 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	0.0%	0.77%	1.80%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	<u>1.0%</u>	0.00%	-0.92%
Total	<u><u>100.0%</u></u>		

(a) An expected inflation of 2.00% used for this period

(b) An expected inflation of 2.92% used for this period

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

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

	<u>1% Decrease 6.15%</u>	<u>Discount Rate 7.15%</u>	<u>1% Increase 8.15%</u>
Miscellaneous	\$ 24,399,628	\$ 16,371,452	\$ 9,744,325
Safety	6,929,624	4,334,167	2,207,655

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 11: PENSION PLAN (CONTINUED)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

Pension Plan Fiduciary Net Position

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

NOTE 12: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. General Information about the OPEB Plan

Plan Description

The County's defined benefit OPEB plan (the Plan) provides OPEB for all permanent full-time general and public safety employees of the County. The Plan is a single-employer defined benefit plan administered by the California Public Employees' Retirement System (CalPERS). The Board of Supervisors reserves the authority to review and amend the funding policy from time to time, in order to ensure that the funding policy continues to best suit the circumstances of the County. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

The County provides the following OPEB: retiree medical, dental and vision plan coverage.

The coverage is available for employees who meet the following eligibility requirements:

- For miscellaneous and safety non-management employees, those who terminate or retire with at least 20 years of service with the County. Benefits do not begin unless/until the employee commences his or her retirement benefit under PERS.
- For management employees and County Council members, those who terminate or retire with at least 10 years of service with the County. PERS retirement is not required for employees to begin receiving the benefit.

Terminated or retiring employees who do not satisfy the requirements above are not entitled to a County paid subsidy nor may they continue their coverage beyond the applicable COBRA period

For those employees who satisfy the requirements above, the County pays for 100 percent of the cost of healthcare coverage for the employee and spouse up to an amount fixed at the time each employee separates from service. This cap was set at \$1,020 at the time of the valuation. Should the healthcare premiums increase beyond the retiree's cap amount, the retiree is required to pay the excess amount.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 12: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

A. General Information about the OPEB Plan (Continued)

Benefits Provided (Continued)

Benefits and coverage (except for COBRA coverage, if applicable) ends under the County's healthcare plans under the following circumstances:

- ▶ A non-management employee hired prior to September 1, 1990 becomes eligible for Medicare
- ▶ A non-management employee hired on or after September 1, 1990 has received benefits for 5 years or, if earlier, becomes eligible for Medicare
- ▶ A management employee or County Council member becomes eligible for Medicare
- ▶ At the retiree's death

The 2018 monthly healthcare premium rates are shown below. The top chart shows the composite rates for medical, dental and vision coverage. The lower chart shows the medical premiums only, which are used in the valuation to develop expected retiree claims by age and the implicit subsidy.

Composite: Active or Retiree	EPO	Gold	HSA	Silver
Employee only	\$ 1,035.02	\$ 874.88	\$ 729.02	\$ 644.36
Employee and Spouse	2,056.50	1,734.18	1,446.54	1,272.12
Employee and Family	2,709.92	2,286.62	1,914.32	1,687.88

Medical Only: Active or Retired	EPO	Gold	HSA	Silver
Employee only	\$ 975.12	\$ 814.98	\$ 669.12	\$ 584.46
Employee and Spouse	1,953.30	1,630.98	1,343.34	1,168.92
Employee and Family	2,540.82	2,117.52	1,745.22	1,518.78

Employees Covered By Benefit Terms

At June 30, 2019 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	10
Active employees	<u>99</u>
Total	<u>109</u>

B. Net OPEB Liability

The County's net OPEB liability of \$1,934,376 was measured as of June 30, 2018, and was determined by an actuarial valuation as of June 30, 2017.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 12: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

B. Net OPEB Liability (Continued)

Actuarial Assumptions and Other Inputs

The net OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2017
Measurement Date	Last day of the prior fiscal year (June 30, 2018)
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets (\$0; plan is not yet funded)
Municipal Bond Index	S&P General Obligation 20 year Municipal Bond Index
Discount rates	3.13% as of June 30, 2017 2.98% as of June 30, 2018
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase	3.25% per year, since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years.
General Inflation Rate	2.75% per year
Mortality Improvement	MacLeod Watts Scale 2017 applied generationally from 2008.
Healthcare cost trend rates	8.0% for 2019, decreasing .5% per year to an ultimate rate of 5.0% for 2025 and later years
Increases in County Cost-Sharing	Fixed dollar maximum increased by 1% per year, up to the year of each employee's retirement, remaining consistent thereafter.

Demographic actuarial assumptions used in this valuation are based on the 2014 Experience Study of the California Public Employees Retirement System using data from 1997 to 2011, except for a different basis used to project future mortality improvements. The representative mortality rates used were those published by CalPERS, adjusted to back out 20 years of Scale BB to central year 2008.

C. Changes in the Net OPEB Liability

	<u>Net OPEB Liability</u>
Balance at June 30, 2018	\$ 1,916,649
Changes for the year:	
Service cost	116,005
Interest	60,819
Changes of assumptions	20,026
Benefit payments	(179,123)
Net changes	<u>17,727</u>
Balance at June 30, 2019	<u>\$ 1,934,376</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.13 percent to 2.98 percent.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 12: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

C. Changes in the Net OPEB Liability (Continued)

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's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.98 percent) or 1-percentage point higher (3.98 percent) than the current discount rate:

	<u>1% Decrease</u> <u>1.98%</u>	<u>Current Rate</u> <u>2.98%</u>	<u>1% Increase</u> <u>3.98%</u>
Net OPEB liability	\$ 2,072,739	\$ 1,934,376	\$ 1,804,619

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rates

The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (1.0 percent below current trend) or 1-percentage point higher (1.0 percent above current trend) than the current healthcare cost trend rates:

	<u>Current Trend</u> <u>-1%</u>	<u>Current Trend</u>	<u>Current Trend</u> <u>+1%</u>
Net OPEB Liability	\$ 1,731,218	\$ 1,934,376	\$ 2,197,417

D. 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 \$173,155. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Changes of assumptions	\$ 18,122	(\$ 47,466)
Contributions made subsequent to the measurement date	<u>178,668</u>	<u>-</u>
Total	<u>\$ 196,790</u>	<u>(\$ 47,466)</u>

\$178,668 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended</u> <u>June 30</u>	
2020	(\$ 3,669)
2021	(3,669)
2022	(3,669)
2023	(3,669)
2024	(3,669)
Thereafter	(10,999)
	<u>(\$ 29,344)</u>

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 13: DEFERRED COMPENSATION PLAN

Employees of the County of Sierra may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the County. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

The deferred compensation plan is administered by an unrelated financial institution. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries is to be held in trust for the exclusive benefit of plan participants and their beneficiaries.

The deferred compensation balance is not considered an asset of the County and, therefore, does not appear in the financial statements.

NOTE 14: RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The County is a member of the Trindel Insurance Fund, a joint powers agency (JPA). The JPA is classified as a claims-servicing or account pool, which results in the County retaining the risk of loss and being considered self-insured with regard to liability coverage for the first \$100,000 of general liability per occurrence. The County maintains reserves on hand with the JPA for all known claims as calculated by the actuary and a prudent reserve for the deductibles for future claims.

The County also belongs to another larger JPA called the County Supervisors Association of California Excess Insurance Authority (CSACEIA). CSACEIA, along with other commercial carriers, increases the coverage for general liability to \$25 million. Also, CSACEIA, with other commercial carriers, covers replacement cost on property to \$50 million with a \$1,000 deductible per occurrence. The County has funded the first \$300,000 coverage for Workers' Compensation insurance through a JPA.

Settled claims have not exceeded the commercial coverage in any of the past three fiscal years and there has not been a significant reduction in coverage in fiscal year 2018/2019.

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

All funds of the County participate in the program and the cost of the coverage is recorded in each participating fund. The County's investment in the Trindel Insurance fund of \$371,588 (net) is included in the General fund as prepaid costs/accrued claims liability.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 14: RISK MANAGEMENT (CONTINUED)

Changes in the County's claims liability amount for the fiscal years 2017, 2018 and 2019 were as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims	Claims Payments and Changes In Estimates	Balance at End of Fiscal Year
2017	\$ 787,165	\$ 28,934	(\$ 139,878)	\$ 676,708
2018	676,708	754,005	(310,101)	1,120,612
2019	1,120,612	274,764	114,049	1,509,425

NOTE 15: OTHER INFORMATION

A. Contingencies

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

B. Subsequent Events

Management has evaluated events subsequent to June 30, 2019 through December 3, 2019, the date on which the financial statements were available for issuance. Management has determined no other subsequent events requiring disclosure have occurred.

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**Required Supplementary Information
(Unaudited)**

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COUNTY OF SIERRA
Required Supplementary Information
County Pension Plan
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2019
Last 10 Years*

Measurement Date	2013/14	2014/15	2015/16	2016/17	2017/18
Miscellaneous					
Proportion of the net pension liability	0.13913%	0.16660%	0.16738%	0.19191%	0.41358%
Proportionate share of the net pension liability	\$ 8,657,213	\$ 11,437,030	\$ 14,483,260	\$ 16,606,467	\$ 15,586,488
Covered payroll	4,505,952	4,556,607	4,801,525	5,107,528	5,456,647
Proportionate share of the net pension liability as a percentage of covered payroll	192.13%	251.00%	301.64%	325.14%	285.64%
Plan fiduciary net position as a percentage of the total pension liability	83.03%	77.92%	72.68%	71.22%	72.41%
Safety					
Proportion of the net pension liability	0.04919%	0.04330%	0.04508%	0.05098%	0.07387%
Proportionate share of the net pension liability	\$ 3,060,592	\$ 2,973,244	\$ 3,901,046	\$ 4,411,224	\$ 4,334,167
Covered payroll	907,388	987,941	964,745	1,051,179	923,756
Proportionate share of the net pension liability as a percentage of covered payroll	337.30%	300.95%	404.36%	419.65%	469.19%
Plan fiduciary net position as a percentage of the total pension liability	78.92%	81.18%	76.32%	75.81%	76.98%

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

COUNTY OF SIERRA
Required Supplementary Information
County Pension Plan
Schedule of Contributions
For the Year Ended June 30, 2019
Last 10 Years*

Fiscal Year	2014/15	2015/16	2016/17	2017/18	2018/19
Miscellaneous					
Contractually required contribution (actuarially determined)	\$ 1,575,804	\$ 484,762	\$ 531,117	\$ 559,292	\$ 570,849
Contributions in relation to the actuarially determined contributions	<u>(1,575,804)</u>	<u>(1,034,728)</u>	<u>(531,117)</u>	<u>(559,292)</u>	<u>(570,849)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (549,966)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,556,607	\$ 4,801,525	\$ 5,107,528	\$ 5,456,647	\$ 5,781,297
Contributions as a percentage of covered payroll	34.58%	21.55%	10.40%	10.25%	9.87%
Safety					
Contractually required contribution (actuarially determined)	\$ 372,624	\$ 191,574	\$ 169,832	\$ 148,948	\$ 137,140
Contributions in relation to the actuarially determined contributions	<u>(372,624)</u>	<u>(419,022)</u>	<u>(169,832)</u>	<u>(148,948)</u>	<u>(137,140)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (227,448)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 987,941	\$ 964,745	\$ 1,051,179	\$ 923,756	\$ 904,302
Contributions as a percentage of covered payroll	37.72%	43.43%	16.16%	16.12%	15.17%

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

COUNTY OF SIERRA
Required Supplementary Information
County Pension Plan
Notes to County Pension Plan
For the Year Ended June 30, 2019

NOTE 1: SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Change of assumptions: For the measurement date of June 30, 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

NOTE 2: SCHEDULE OF CONTRIBUTIONS

Methods and assumptions used to determine the contribution rates were as follows:

Valuation Date	June 30, 2016
Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2016 Funding Valuation Report
Asset valuation method	Market value
Inflation	2.75%
Salary increases	Varies by entry age and service
Discount rate	7.375%
Retirement age	The probabilities of retirement are based on the January 2014 CalPERS Experience Study and Review of Actuarial Assumptions

COUNTY OF SIERRA
Required Supplementary Information
County OPEB Plan
Schedule of Changes in the Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2019
Last 10 Years*

	<u>2017/18</u>	<u>2018/19</u>
Net OPEB Liability		
Service cost	\$ 121,029	\$ 116,005
Interest	53,961	60,819
Differences between expected and actual experience	(1)	-
Changes of assumptions or other inputs	(58,612)	20,026
Benefit payments	<u>(184,302)</u>	<u>(179,123)</u>
Net Change in Net OPEB Liability	(67,925)	17,727
Net OPEB Liability - Beginning	<u>1,984,574</u>	<u>1,916,649</u>
Net OPEB Liability - Ending (a)	<u><u>\$ 1,916,649</u></u>	<u><u>\$ 1,934,376</u></u>
Covered payroll	\$ 5,912,691	\$ 5,949,898
Net OPEB liability as a percentage of covered payroll	32.42%	32.51%

* The County implemented GASB 75 for the fiscal year June 30, 2018, therefore only two years are shown.

COUNTY OF SIERRA
Required Supplementary Information
County OPEB Plan
Note to County OPEB Plan
For the Year Ended June 30, 2019

NOTE 1: SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Changes of Assumptions

The discount rate was changed from 3.13 percent as of the June 30, 2017 measurement date to 2.98 percent as of the June 30, 2018 measurement date, based on the published change in return for the applicable municipal bond index.

COUNTY OF SIERRA
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and assessments	\$ 4,024,412	\$ 4,044,412	\$ 4,179,961	\$ 135,549
Licenses, permits, and franchises	144,300	144,300	143,528	(772)
Fines and forfeitures	51,000	51,000	53,413	2,413
Intergovernmental	492,733	1,414,943	1,446,684	31,741
Use of money and property	51,780	51,780	172,083	120,303
Charges for services	1,729,776	1,733,976	1,655,315	(78,661)
Other revenues	191,495	191,495	137,162	(54,333)
Total Revenues	6,685,496	7,631,906	7,788,146	156,240
EXPENDITURES				
Current:				
General government	3,972,292	4,405,942	3,538,960	866,982
Public protection	5,250,407	5,238,119	4,764,992	473,127
Health and welfare	9,360	9,360	2,018	7,342
Public assistance	92,741	110,752	105,348	5,404
Education	45,868	46,461	46,460	1
Culture and recreation	339,384	524,451	276,628	247,823
Public ways and facilities	86,134	586,134	37,763	548,371
Debt service:				
Principal	-	-	22,075	(22,075)
Interest and other charges	-	-	1,091	(1,091)
Capital outlay	-	-	169,464	(169,464)
Total Expenditures	9,796,186	10,921,219	8,964,799	1,956,420
Excess of Revenues Over (Under) Expenditures	(3,110,690)	(3,289,313)	(1,176,653)	2,112,660
OTHER FINANCING SOURCES (USES)				
Transfers in	1,664,396	1,738,372	1,599,365	(139,007)
Transfers out	(164,253)	(187,110)	(417,694)	(230,584)
Total Other Financing Sources (Uses)	1,500,143	1,551,262	1,181,671	(369,591)
Net Change in Fund Balances	(1,610,547)	(1,738,051)	5,018	1,743,069
Fund Balances - Beginning	1,132,625	1,132,625	1,132,625	-
Fund Balances - Ending	\$ (477,922)	\$ (605,426)	\$ 1,137,643	\$ 1,743,069

COUNTY OF SIERRA
Required Supplementary Information
Budgetary Comparison Schedule
Road - Major Special Revenue Fund
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 4,118,493	\$ 4,430,117	\$ 2,434,176	\$ (1,995,941)
Use of money and property	-	-	27,452	27,452
Charges for services	350,000	350,000	855,429	505,429
Other revenues	5,000	5,000	379	(4,621)
Total Revenues	<u>4,473,493</u>	<u>4,785,117</u>	<u>3,317,436</u>	<u>(1,467,681)</u>
EXPENDITURES				
Current:				
Public ways and facilities	4,853,566	5,165,190	3,139,756	2,025,434
Debt service:				
Principal	2,000	2,000	1,226	774
Interest and other charges	-	-	61	(61)
Capital outlay	-	-	122,899	(122,899)
Total Expenditures	<u>4,855,566</u>	<u>5,167,190</u>	<u>3,263,942</u>	<u>1,903,248</u>
Excess of Revenues Over (Under) Expenditures	<u>(382,073)</u>	<u>(382,073)</u>	<u>53,494</u>	<u>435,567</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	9,163	9,163	9,163	-
Transfers out	-	(828)	(156,587)	(155,759)
Total Other Financing Sources (Uses)	<u>9,163</u>	<u>8,335</u>	<u>(147,424)</u>	<u>(155,759)</u>
Net Change in Fund Balances	<u>(372,910)</u>	<u>(373,738)</u>	<u>(93,930)</u>	<u>279,808</u>
Fund Balances - Beginning	<u>346,171</u>	<u>346,171</u>	<u>346,171</u>	<u>-</u>
Fund Balances - Ending	<u>\$ (26,739)</u>	<u>\$ (27,567)</u>	<u>\$ 252,241</u>	<u>\$ 279,808</u>

COUNTY OF SIERRA
Required Supplementary Information
Budgetary Comparison Schedule
Human Services - Major Special Revenue Fund
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ 6,413	\$ 6,413
Intergovernmental	2,738,228	2,738,228	3,249,350	511,122
Use of money	-	-	5,472	5,472
Charges for services	-	-	15	15
Other revenues	-	-	15,170	15,170
Total Revenues	<u>2,738,228</u>	<u>2,738,228</u>	<u>3,276,420</u>	<u>538,192</u>
EXPENDITURES				
Current:				
Health and welfare	92,130	92,130	-	92,130
Public assistance	2,883,724	2,883,724	2,433,998	449,726
Debt service:				
Principal	-	-	12,110	(12,110)
Interest and other charges	-	-	599	(599)
Capital outlay	-	-	111,890	(111,890)
Total Expenditures	<u>2,975,854</u>	<u>2,975,854</u>	<u>2,558,597</u>	<u>529,147</u>
Excess of Revenues Over (Under) Expenditures	<u>(237,626)</u>	<u>(237,626)</u>	<u>717,823</u>	<u>1,067,339</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(248,466)</u>	<u>(265,597)</u>	<u>(217,219)</u>	<u>48,378</u>
Total Other Financing Sources (Uses)	<u>(248,466)</u>	<u>(265,597)</u>	<u>(217,219)</u>	<u>48,378</u>
Net Change in Fund Balances	<u>(486,092)</u>	<u>(503,223)</u>	<u>500,604</u>	<u>1,115,717</u>
Fund Balances - Beginning	<u>5,518,217</u>	<u>5,518,217</u>	<u>5,518,217</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ 5,032,125</u></u>	<u><u>\$ 5,014,994</u></u>	<u><u>\$ 6,018,821</u></u>	<u><u>\$ 1,115,717</u></u>

COUNTY OF SIERRA
Required Supplementary Information
Budgetary Comparison Schedule
Public Health and Drug Programs - Major Special Revenue Fund
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 3,310,994	\$ 3,373,970	\$ 3,712,618	\$ 338,648
Use of money	6,000	6,000	121,819	115,819
Charges for services	100,500	100,500	64,070	(36,430)
Other revenues	5,000	5,000	249	(4,751)
Total Revenues	<u>3,422,494</u>	<u>3,485,470</u>	<u>3,898,756</u>	<u>413,286</u>
EXPENDITURES				
Current:				
Health and welfare	5,844,937	5,907,913	4,179,548	1,728,365
Debt service:				
Principal	-	-	24,273	(24,273)
Interest and other charges	-	-	1,199	(1,199)
Total Expenditures	<u>5,844,937</u>	<u>5,907,913</u>	<u>4,205,020</u>	<u>1,702,893</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,422,443)</u>	<u>(2,422,443)</u>	<u>(306,264)</u>	<u>2,116,179</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,602,374	5,743,485	167,135	(5,576,350)
Transfers out	(5,546,578)	(5,703,666)	(148,762)	5,554,904
Total Other Financing Sources (Uses)	<u>55,796</u>	<u>39,819</u>	<u>18,373</u>	<u>(21,446)</u>
Net Change in Fund Balances	<u>(2,366,647)</u>	<u>(2,382,624)</u>	<u>(287,891)</u>	<u>2,094,733</u>
Fund Balances - Beginning	<u>8,206,478</u>	<u>8,206,478</u>	<u>8,206,478</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 5,839,831</u>	<u>\$ 5,823,854</u>	<u>\$ 7,918,587</u>	<u>\$ 2,094,733</u>

COUNTY OF SIERRA
Required Supplementary Information
Note to Budgetary Comparison Schedules
For the Year Ended June 30, 2019

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

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

In accordance with the provisions of Sections 29000 and 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares a budget for each fiscal year on or before August 30. Budgeted expenditures are enacted into law through the passage of an Appropriation Resolution. This resolution mandates the maximum authorized expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the County's Board of Supervisors.

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

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

The County does not use encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

Combining Nonmajor Fund Financial Statements

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Nonmajor Governmental Funds

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COUNTY OF SIERRA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals</u>
ASSETS				
Cash and investments	\$ 2,059,092	\$ 3,979	\$ 4,270	\$ 2,067,341
Receivables:				
Accounts	-	57,409	-	57,409
Taxes	3,945	-	-	3,945
Intergovernmental	149,141	-	-	149,141
Deposits	-	775	-	775
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 2,212,178</u></u>	<u><u>\$ 62,163</u></u>	<u><u>\$ 4,270</u></u>	<u><u>\$ 2,278,611</u></u>
LIABILITIES				
Accounts payable	\$ 39,707	\$ -	\$ -	\$ 39,707
Salaries and benefits payable	3,389	-	-	3,389
Due to other funds	29,534	-	-	29,534
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>72,630</u>	<u>-</u>	<u>-</u>	<u>72,630</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	43,852	-	-	43,852
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	<u>43,852</u>	<u>-</u>	<u>-</u>	<u>43,852</u>
FUND BALANCES				
Restricted	2,136,878	62,163	4,270	2,203,311
Unassigned	(41,182)	-	-	(41,182)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>2,095,696</u>	<u>62,163</u>	<u>4,270</u>	<u>2,162,129</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Fund Balances and Deferred Inflows of Resources	<u><u>\$ 2,212,178</u></u>	<u><u>\$ 62,163</u></u>	<u><u>\$ 4,270</u></u>	<u><u>\$ 2,278,611</u></u>

COUNTY OF SIERRA
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue	Debt Service	Capital Projects	Totals
REVENUES				
Taxes and assessments	\$ 237,013	\$ -	\$ -	\$ 237,013
Fines and forfeitures	36,774	-	-	36,774
Intergovernmental	2,166,022	-	-	2,166,022
Use of money and property	7,189	-	-	7,189
Charges for services	336,724	-	-	336,724
Other revenues	39,784	25,031	-	64,815
Total Revenues	<u>2,823,506</u>	<u>25,031</u>	<u>-</u>	<u>2,848,537</u>
EXPENDITURES				
Current:				
General government	357,461	795	-	358,256
Public protection	142,192	-	-	142,192
Public ways and facilities	614,078	-	-	614,078
Debt service:				
Principal	17,169	504,000	4,905	526,074
Interest and other charges	849	97,562	243	98,654
Capital Outlay	94,356	-	-	94,356
Total Expenditures	<u>1,226,105</u>	<u>602,357</u>	<u>5,148</u>	<u>1,833,610</u>
Excess of Revenues Over (Under) Expenditures	<u>1,597,401</u>	<u>(577,326)</u>	<u>(5,148)</u>	<u>1,014,927</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	54,229	576,392	-	630,621
Transfers out	(1,464,400)	-	-	(1,464,400)
Total Other Financing Sources (Uses)	<u>(1,410,171)</u>	<u>576,392</u>	<u>-</u>	<u>(833,779)</u>
Net Change in Fund Balances	<u>187,230</u>	<u>(934)</u>	<u>(5,148)</u>	<u>181,148</u>
Fund Balances - Beginning	1,908,466	177,361	9,418	2,095,245
Prior period adjustment	-	(114,264)	-	(114,264)
Fund Balances - Beginning, Restated	<u>1,908,466</u>	<u>63,097</u>	<u>9,418</u>	<u>1,980,981</u>
Fund Balances - Ending	<u><u>\$ 2,095,696</u></u>	<u><u>\$ 62,163</u></u>	<u><u>\$ 4,270</u></u>	<u><u>\$ 2,162,129</u></u>

Nonmajor Governmental Funds

- **Special Revenue Funds**

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COUNTY OF SIERRA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019

	Fish and Game	Aviation	Predator Control	Clerk Recorder	Court Fines
ASSETS					
Cash and investments	\$ 6,644	\$ -	\$ 756	\$ 63,354	\$ 52,395
Receivables:					
Taxes	-	-	-	-	-
Intergovernmental	-	10,000	-	-	-
Total Assets	<u>\$ 6,644</u>	<u>\$ 10,000</u>	<u>\$ 756</u>	<u>\$ 63,354</u>	<u>\$ 52,395</u>
LIABILITIES					
Accounts payable	\$ -	\$ 98	\$ -	\$ 11,147	\$ -
Salaries and benefits payable	-	-	-	-	-
Due to other funds	-	2,284	-	-	-
Total Liabilities	<u>-</u>	<u>2,382</u>	<u>-</u>	<u>11,147</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted	6,644	7,618	756	52,207	52,395
Unassigned	-	-	-	-	-
Total Fund Balances	<u>6,644</u>	<u>7,618</u>	<u>756</u>	<u>52,207</u>	<u>52,395</u>
Total Liabilities, Fund Balances and Deferred Inflows of Resources	<u>\$ 6,644</u>	<u>\$ 10,000</u>	<u>\$ 756</u>	<u>\$ 63,354</u>	<u>\$ 52,395</u>

Law Enforcement	Board of Supervisors	Fire Safe	Tax Related Costs Trust	Office of Emergency Services	Special Districts Under the Board	Totals
\$ 1,540,104	\$ 56,821	\$ 112,208	\$ 36,332	\$ 16	\$ 190,462	\$ 2,059,092
-	-	-	-	-	3,945	3,945
108,483	-	-	-	30,658	-	149,141
<u>\$ 1,648,587</u>	<u>\$ 56,821</u>	<u>\$ 112,208</u>	<u>\$ 36,332</u>	<u>\$ 30,674</u>	<u>\$ 194,407</u>	<u>\$ 2,212,178</u>
\$ 1,116	\$ -	\$ -	\$ 12,374	\$ 754	\$ 14,218	\$ 39,707
-	-	-	-	-	3,389	3,389
-	-	-	-	27,250	-	29,534
<u>1,116</u>	<u>-</u>	<u>-</u>	<u>12,374</u>	<u>28,004</u>	<u>17,607</u>	<u>72,630</u>
-	-	-	-	43,852	-	43,852
-	-	-	-	43,852	-	43,852
1,647,471	56,821	112,208	23,958	-	176,800	2,136,878
-	-	-	-	(41,182)	-	(41,182)
<u>1,647,471</u>	<u>56,821</u>	<u>112,208</u>	<u>23,958</u>	<u>(41,182)</u>	<u>176,800</u>	<u>2,095,696</u>
<u>\$ 1,648,587</u>	<u>\$ 56,821</u>	<u>\$ 112,208</u>	<u>\$ 36,332</u>	<u>\$ 30,674</u>	<u>\$ 194,407</u>	<u>\$ 2,212,178</u>

COUNTY OF SIERRA
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2019

	Fish and Game	Aviation	Predator Control	Clerk Recorder	Court Fines
REVENUES					
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	3,148	-	-	-	1,362
Intergovernmental	-	421,905	69	3,248	-
Use of money and property	-	-	-	-	-
Charges for services	-	-	-	258,705	-
Other revenues	531	-	-	2,213	-
Total Revenues	3,679	421,905	69	264,166	1,362
EXPENDITURES					
Current:					
General government	2,032	-	-	254,564	-
Public protection	-	-	200	-	-
Public ways and facilities	-	445,083	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	2,032	445,083	200	254,564	-
Excess of Revenues Over (Under) Expenditures	1,647	(23,178)	(131)	9,602	1,362
OTHER FINANCING SOURCES (USES)					
Transfers in		24,000	-	-	-
Transfers out	-	-	-	(13,800)	-
Total Other Financing Sources (Uses)	-	24,000	-	(13,800)	-
Net Change in Fund Balances	1,647	822	(131)	(4,198)	1,362
Fund Balances - Beginning	4,997	6,796	887	56,405	51,033
Fund Balances - Ending	\$ 6,644	\$ 7,618	\$ 756	\$ 52,207	\$ 52,395

Law Enforcement	Board of Supervisors	Fire Safe	Tax Related Costs Trust	Office of Emergency Services	Special Districts Under the Board	Totals
\$ -	\$ -	\$ -	\$ 1,291	\$ -	\$ 235,722	\$ 237,013
2,757	29,507	-	-	-	-	36,774
1,676,890	-	49,059	-	14,851	-	2,166,022
5,690	-	-	-	-	1,499	7,189
-	-	-	5,920	-	72,099	336,724
22,431	5,499	-	9,110	-	-	39,784
<u>1,707,768</u>	<u>35,006</u>	<u>49,059</u>	<u>16,321</u>	<u>14,851</u>	<u>309,320</u>	<u>2,823,506</u>
-	-	-	22,915	-	77,950	357,461
87,786	-	5,067	-	49,139	-	142,192
-	8,880	-	-	-	160,115	614,078
17,169	-	-	-	-	-	17,169
849	-	-	-	-	-	849
-	-	-	-	-	94,356	94,356
<u>105,804</u>	<u>8,880</u>	<u>5,067</u>	<u>22,915</u>	<u>49,139</u>	<u>332,421</u>	<u>1,226,105</u>
<u>1,601,964</u>	<u>26,126</u>	<u>43,992</u>	<u>(6,594)</u>	<u>(34,288)</u>	<u>(23,101)</u>	<u>1,597,401</u>
-	20,000	-	-	-	10,229	54,229
(1,439,294)	-	-	-	-	(11,306)	(1,464,400)
<u>(1,439,294)</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,077)</u>	<u>(1,410,171)</u>
162,670	46,126	43,992	(6,594)	(34,288)	(24,178)	187,230
<u>1,484,801</u>	<u>10,695</u>	<u>68,216</u>	<u>30,552</u>	<u>(6,894)</u>	<u>200,978</u>	<u>1,908,466</u>
<u>\$ 1,647,471</u>	<u>\$ 56,821</u>	<u>\$ 112,208</u>	<u>\$ 23,958</u>	<u>\$ (41,182)</u>	<u>\$ 176,800</u>	<u>\$ 2,095,696</u>

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Nonmajor Governmental Funds

- **Debt Service Funds**

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COUNTY OF SIERRA
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2019

	Debt Service	Debt Service Court	Totals
ASSETS			
Cash and investments	\$ 3,979	\$ -	\$ 3,979
Receivables:			
Accounts	57,409	-	57,409
Deposits	775	-	775
	<u>62,163</u>	<u>-</u>	<u>62,163</u>
Total Assets	<u><u>\$ 62,163</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 62,163</u></u>
LIABILITIES			
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted	<u>62,163</u>	<u>-</u>	<u>62,163</u>
	<u>62,163</u>	<u>-</u>	<u>62,163</u>
Total Fund Balances	<u>62,163</u>	<u>-</u>	<u>62,163</u>
	<u><u>\$ 62,163</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 62,163</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 62,163</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 62,163</u></u>

COUNTY OF SIERRA
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended June 30, 2019

	Debt Service	Debt Service Court	Totals
REVENUES			
Other revenues	\$ 25,031	\$ -	\$ 25,031
Total Revenues	<u>25,031</u>	<u>-</u>	<u>25,031</u>
EXPENDITURES			
Current:			
General government	795	-	795
Debt service:			
Principal	504,000	-	504,000
Interest and other charges	97,562	-	97,562
Total Expenditures	<u>602,357</u>	<u>-</u>	<u>602,357</u>
Excess of Revenues Over (Under) Expenditures	<u>(577,326)</u>	<u>-</u>	<u>(577,326)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	576,392	-	576,392
Total Other Financing Sources (Uses)	<u>576,392</u>	<u>-</u>	<u>576,392</u>
Net Change in Fund Balances	<u>(934)</u>	<u>-</u>	<u>(934)</u>
Fund Balances - Beginning	63,097	114,264	177,361
Prior period adjustment	-	(114,264)	(114,264)
Fund Balances - Beginning, Restated	<u>63,097</u>	<u>-</u>	<u>63,097</u>
Fund Balances - Ending	<u>\$ 62,163</u>	<u>\$ -</u>	<u>\$ 62,163</u>

Nonmajor Governmental Funds

- **Special Districts Under the Board (A nonmajor Special Revenue fund)**

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COUNTY OF SIERRA
Combining Balance Sheet
Special Districts Under the Board
(A Nonmajor Special Revenue Fund)
June 30, 2019

	<u>Co. Service Area #1</u>	<u>Co. Service Area #2</u>	<u>Co. Service Area #3</u>	<u>Co. Service Area #4</u>
ASSETS				
Cash and investments	\$ -	\$ 40,900	\$ -	\$ 7,904
Receivables:				
Taxes	<u>226</u>	<u>490</u>	<u>329</u>	<u>147</u>
Total Assets	<u><u>\$ 226</u></u>	<u><u>\$ 41,390</u></u>	<u><u>\$ 329</u></u>	<u><u>\$ 8,051</u></u>
LIABILITIES				
Accounts payable	\$ 1,933	\$ 627	\$ 1,099	\$ 87
Salaries and benefits payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>1,933</u>	<u>627</u>	<u>1,099</u>	<u>87</u>
FUND BALANCES				
Restricted	<u>(1,707)</u>	<u>40,763</u>	<u>(770)</u>	<u>7,964</u>
Total Fund Balances	<u>(1,707)</u>	<u>40,763</u>	<u>(770)</u>	<u>7,964</u>
Total Liabilities and Fund Balances	<u><u>\$ 226</u></u>	<u><u>\$ 41,390</u></u>	<u><u>\$ 329</u></u>	<u><u>\$ 8,051</u></u>

Co. Service Area #5	Sierra Brooks Water	Verdi Fire Zone	Totals
\$ 3,600	\$ 123,420	\$ 14,638	\$ 190,462
336	2,417	-	3,945
<u>\$ 3,936</u>	<u>\$ 125,837</u>	<u>\$ 14,638</u>	<u>\$ 194,407</u>
\$ 36	\$ 10,436	\$ -	\$ 14,218
-	3,389	-	3,389
36	13,825	-	17,607
3,900	112,012	14,638	176,800
3,900	112,012	14,638	176,800
<u>\$ 3,936</u>	<u>\$ 125,837</u>	<u>\$ 14,638</u>	<u>\$ 194,407</u>

COUNTY OF SIERRA
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Special Districts Under the Board
(A Nonmajor Special Revenue Fund)
For the Year Ended June 30, 2019

	Co. Service Area #1	Co. Service Area #2	Co. Service Area #3	Co. Service Area #4
REVENUES				
Taxes and assessments	\$ 10,411	\$ 29,091	\$ 16,903	\$ 7,119
Use of money and property	-	-	-	-
Charges for services	-	-	-	-
Total Revenues	<u>10,411</u>	<u>29,091</u>	<u>16,903</u>	<u>7,119</u>
EXPENDITURES				
Current:				
General government	15,354	17,488	15,438	7,000
Public ways and facilities	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>15,354</u>	<u>17,488</u>	<u>15,438</u>	<u>7,000</u>
Excess of Revenues Over (Under) Expenditures	<u>(4,943)</u>	<u>11,603</u>	<u>1,465</u>	<u>119</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,265	-	757	-
Transfers out	(167)	(3,463)	(2,145)	(98)
Total Other Financing Sources (Uses)	<u>3,098</u>	<u>(3,463)</u>	<u>(1,388)</u>	<u>(98)</u>
Net Change in Fund Balances	<u>(1,845)</u>	<u>8,140</u>	<u>77</u>	<u>21</u>
Fund Balances - Beginning	<u>138</u>	<u>32,623</u>	<u>(847)</u>	<u>7,943</u>
Fund Balances - Ending	<u>\$ (1,707)</u>	<u>\$ 40,763</u>	<u>\$ (770)</u>	<u>\$ 7,964</u>

Co. Service Area #5	Sierra Brooks Water	Verdi Fire Zone	Totals
\$ 15,287	\$ 156,911	\$ -	\$ 235,722
-	1,283	216	1,499
-	68,675	3,424	72,099
15,287	226,869	3,640	309,320
17,670	-	5,000	77,950
-	160,115	-	160,115
-	94,356	-	94,356
17,670	254,471	5,000	332,421
(2,383)	(27,602)	(1,360)	(23,101)
6,207	-	-	10,229
(25)	(5,408)	-	(11,306)
6,182	(5,408)	-	(1,077)
3,799	(33,010)	(1,360)	(24,178)
101	145,022	15,998	200,978
\$ 3,900	\$ 112,012	\$ 14,638	\$ 176,800

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Nonmajor Proprietary Fund

- **Enterprise Fund**

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COUNTY OF SIERRA
Combining Statement of Net Position
Nonmajor Proprietary Fund
June 30, 2019

	<u>Transit</u>	<u>Total</u>
ASSETS		
Current Assets:		
Receivables:		
Intergovernmental	\$ 48,000	\$ 48,000
Total Current Assets	<u>48,000</u>	<u>48,000</u>
Noncurrent Assets:		
Capital Assets :		
Depreciable, net	68,288	68,288
Total Noncurrent Assets	<u>68,288</u>	<u>68,288</u>
Total Assets	<u>116,288</u>	<u>116,288</u>
LIABILITIES		
Current Liabilities:		
Due to other funds	48,708	48,708
Total Current Liabilities	<u>48,708</u>	<u>48,708</u>
Total Liabilities	<u>48,708</u>	<u>48,708</u>
NET POSITION		
Investment in capital assets	68,288	68,288
Unrestricted	(708)	(708)
Total Net Position	<u>\$ 67,580</u>	<u>\$ 67,580</u>

COUNTY OF SIERRA
Combining Statement of Revenues, Expenses and
Changes in Net Position
Nonmajor Proprietary Fund
For the Year Ended June 30, 2019

	<u>Transit</u>	<u>Total</u>
OPERATING REVENUES		
Passenger fares	\$ 17,768	\$ 17,768
Total Operating Revenues	<u>17,768</u>	<u>17,768</u>
OPERATING EXPENSES		
Purchased transportation	125,768	125,768
Administration	3,677	3,677
Depreciation	43,380	43,380
Total Operating Expenses	<u>172,825</u>	<u>172,825</u>
Operating Income (Loss)	<u>(155,057)</u>	<u>(155,057)</u>
NON-OPERATING REVENUES (EXPENSES)		
Intergovernmental	111,921	111,921
Interest income	(952)	(952)
Total Non-Operating Revenues (Expenses)	<u>110,969</u>	<u>110,969</u>
Change in Net Position	<u>(44,088)</u>	<u>(44,088)</u>
Total Net Position - Beginning	<u>111,668</u>	<u>111,668</u>
Total Net Position - Ending	<u><u>\$ 67,580</u></u>	<u><u>\$ 67,580</u></u>

COUNTY OF SIERRA
Combining Statement of Cash Flows
Nonmajor Proprietary Fund
For the Year Ended June 30, 2019

	<u>Transit</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 17,768	\$ 17,768
Payments to suppliers	(129,445)	(129,445)
Net Cash Provided (Used) by Operating Activities	<u>(111,677)</u>	<u>(111,677)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Intergovernmental revenue received	111,921	111,921
Interfund loans received	224	224
Net Cash Provided (Used) by Noncapital Financing Activities	<u>112,145</u>	<u>112,145</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	(952)	(952)
Net Cash Provided (Used) by Investing Activities	<u>(952)</u>	<u>(952)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(484)	(484)
Balance - Beginning	484	484
Balance - Ending	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (155,057)	\$ (155,057)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	43,380	43,380
Net Cash Provided (Used) by Operating Activities	<u>\$ (111,677)</u>	<u>\$ (111,677)</u>

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Fiduciary Funds

- **Trust and Agency Funds**

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COUNTY OF SIERRA
Combining Statement of Fiduciary Net Position
Investment Trust Funds
June 30, 2019

	Total Investment Trust Funds
ASSETS	
Cash and investments	<u>\$ 8,158,298</u>
Total Assets	<u>8,158,298</u>
NET POSITION	
Held in trust for pool participants	<u><u>\$ 8,158,298</u></u>

COUNTY OF SIERRA
Combining Statement of Changes in Fiduciary Net Position
Investment Trust Funds
For the Year Ending June 30, 2019

	Total Investment Trust Funds
ADDITIONS	
Contributions to investment pool	\$ 10,121,126
Revenue from use of money and property	<u>125,122</u>
Total Additions	<u>10,246,248</u>
DEDUCTIONS	
Distributions from investment pool	<u>10,788,394</u>
Total Deductions	<u>10,788,394</u>
Total Change in Net Position	<u>(542,146)</u>
Net Position - Beginning	8,586,180
Prior period adjustment	<u>114,264</u>
Net Position - Beginning, Restated	<u>8,700,444</u>
Net Position - Ending	<u><u>\$ 8,158,298</u></u>

COUNTY OF SIERRA
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2019

	County Departmental Agency	Total Agency Funds
ASSETS		
Cash and investments	\$ 511,233	\$ 511,233
Receivables:		
Taxes	832,249	832,249
Intergovernmental	80,295	80,295
Total Assets	\$ 1,423,777	\$ 1,423,777
LIABILITIES		
Accounts payable	\$ 27,474	\$ 27,474
Due to other funds	58,924	58,924
Agency funds held for others	1,337,379	1,337,379
Total Liabilities	\$ 1,423,777	\$ 1,423,777

COUNTY OF SIERRA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2019

	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
COUNTY DEPARTMENTAL AGENCY FUNDS				
ASSETS				
Cash and investments	\$ 366,691	\$ 337,254	\$ 192,712	\$ 511,233
Receivables:				
Taxes	643,211	832,249	643,211	832,249
Intergovernmental	89,546	80,295	89,546	80,295
Due from other funds	114,996	-	114,996	-
Total Assets	<u><u>\$ 1,214,444</u></u>	<u><u>\$ 1,249,798</u></u>	<u><u>\$ 1,040,465</u></u>	<u><u>\$ 1,423,777</u></u>
LIABILITIES				
Accounts payable	\$ -	\$ 27,474	\$ -	\$ 27,474
Due to other funds	66,512	58,924	66,512	58,924
Agency funds held for others	1,147,932	1,163,400	973,953	1,337,379
Total Liabilities	<u><u>\$ 1,214,444</u></u>	<u><u>\$ 1,249,798</u></u>	<u><u>\$ 1,040,465</u></u>	<u><u>\$ 1,423,777</u></u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash and investments	\$ 366,691	\$ 337,254	\$ 192,712	\$ 511,233
Receivables:				
Taxes	643,211	832,249	643,211	832,249
Intergovernmental	89,546	80,295	89,546	80,295
Due from other funds	114,996	-	114,996	-
Total Assets	<u><u>\$ 1,214,444</u></u>	<u><u>\$ 1,249,798</u></u>	<u><u>\$ 1,040,465</u></u>	<u><u>\$ 1,423,777</u></u>
LIABILITIES				
Accounts payable	\$ -	\$ 27,474	\$ -	\$ 27,474
Due to other funds	66,512	58,924	66,512	58,924
Agency funds held for others	1,147,932	1,163,400	973,953	1,337,379
Total Liabilities	<u><u>\$ 1,214,444</u></u>	<u><u>\$ 1,249,798</u></u>	<u><u>\$ 1,040,465</u></u>	<u><u>\$ 1,423,777</u></u>