

**COUNTY OF SIERRA,
CALIFORNIA**



**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2021**

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COUNTY OF SIERRA
Annual Financial Report
For the Year Ended June 30, 2021

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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, 2021

ELECTED OFFICIALS

Supervisor, District 1	Lee Adams
Supervisor, District 2	Peter W. Huebner
Supervisor, District 3	Paul Roen
Supervisor, District 4	Terry LeBlanc
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	Chuck Henson
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 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, 2021, 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, 2021, 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.

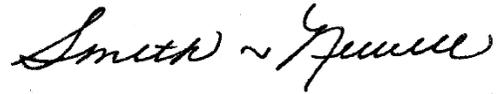
The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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 November 16, 2021, 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.



Smith & Newell CPAs
Yuba City, California
November 16, 2021

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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 statements this narrative overview and analysis of the financial activities of Sierra County for the fiscal year ended June 30, 2021.

Financial Highlights

- ❖ The County of Sierra's assets exceeded its liabilities at the close of the most recent fiscal year by \$14,570,623 (net position). Of this amount (\$23,660,040) (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 \$2,963,142 prior to the recognition of the cumulative affect of a change in accounting principle for reclassification of funds. 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 \$21,147,901. This was an increase of \$2,709,413 in comparison with the prior year. Approximately 97% of this total amount or \$20,534,208 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 \$1,413,868.

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).

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 a significant portion of their costs through user fees, fines, and charges for services. 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.

Sierra County Management's Discussion and Analysis

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 non-major 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 65) 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 business to private 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 three enterprise funds. The Solid Waste Fund and Sierra Brooks Water fund, which are major funds, and the Transit fund, a nonmajor fund. These funds are reported separately in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 20-23 of this report.

Sierra County Management's Discussion and Analysis

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 statements can be found on pages 24 and 25 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 26-59 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. This required supplementary information can be found on pages 60-64 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining nonmajor fund financial statements can be found on pages 70-80 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 \$14,570,623 at the close of the 2020/21 fiscal year.

By far the largest portion of the County's net position (127.08%) 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	
	2021	2020	2021	2020	2021	2020
Assets:						
Current & Other Assets	\$ 26,178,917	\$ 23,807,728	\$ 1,646,674	\$ 1,663,021	\$ 27,825,591	\$ 25,470,749
Capital assets	13,875,859	18,880,318	6,683,613	1,841,580	20,559,472	20,721,898
Total Assets	<u>40,054,776</u>	<u>42,688,046</u>	<u>8,330,287</u>	<u>3,504,601</u>	<u>48,385,063</u>	<u>46,192,647</u>
Deferred Outflows of Resources:						
Pension adjustments	4,719,115	3,531,901	28,364	16,798	4,747,479	3,548,699
OPEB adjustments	214,448	184,642	-	-	214,448	184,642
Total Deferred Outflows of Resources	<u>4,933,563</u>	<u>3,716,543</u>	<u>28,364</u>	<u>16,798</u>	<u>4,961,927</u>	<u>3,733,341</u>
Liabilities:						
Other Liabilities	3,842,049	4,246,649	71,172	63,090	3,913,221	4,309,739
Long-term liabilities	26,178,545	27,020,710	5,653,408	3,540,420	31,831,953	30,561,130
Total Liabilities	<u>30,020,594</u>	<u>31,267,359</u>	<u>5,724,580</u>	<u>3,603,510</u>	<u>35,745,174</u>	<u>34,870,869</u>
Deferred Inflows of Resources:						
Pension adjustments	2,840,007	3,236,222	14,470	15,017	2,854,477	3,251,239
OPEB adjustments	176,716	196,399	-	-	176,716	196,399
Total Deferred Inflows of Resources	<u>3,016,723</u>	<u>3,432,621</u>	<u>14,470</u>	<u>15,017</u>	<u>3,031,193</u>	<u>3,447,638</u>
Net Position:						
Net Investment in Capital Assets	13,875,859	16,800,173	4,641,068	1,841,580	18,516,927	18,641,753
Restricted	19,713,736	17,758,996	-	-	19,713,736	17,758,996
Unrestricted	(21,638,573)	(22,854,560)	(2,021,467)	(1,938,708)	(23,660,040)	(24,793,268)
Total Net Position	<u>\$ 11,951,022</u>	<u>\$ 11,704,609</u>	<u>\$ 2,619,601</u>	<u>\$ (97,128)</u>	<u>\$ 14,570,623</u>	<u>\$ 11,607,481</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 \$2,963,142. The primary cause for the increase resulted from the increase in capital related grants and property taxes and an overall decrease in expenditures.

**Sierra County
Management's Discussion and Analysis**

Governmental Activities. Governmental activities increased the County's net position by \$246,413. Key elements of this increase are as follows:

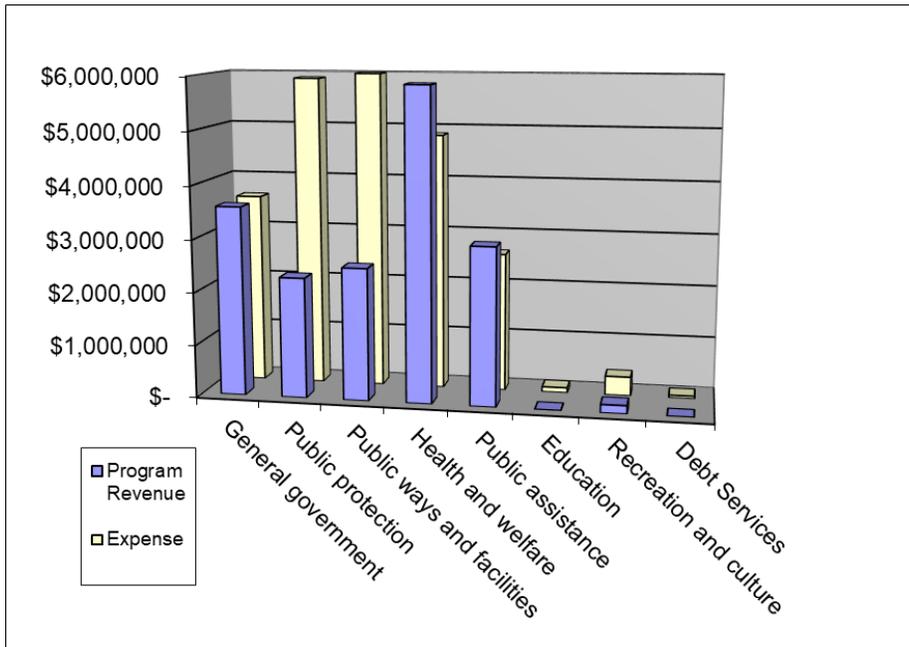
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues:						
Charges for Services	\$ 3,083,278	\$ 2,965,820	\$ 1,048,460	\$ 1,263,327	\$ 4,131,738	\$ 4,229,147
Operating Grants & Contributions	14,309,842	15,772,178	122,988	268,056	14,432,830	16,040,234
Capital Grants	2,430,953	879,714	1,279,780	-	3,710,733	879,714
General Revenues:						
Property Taxes	3,714,650	3,834,113	491,831	(3,685)	4,206,481	3,830,428
Sales & Use Taxes	196,419	173,054	-	-	196,419	173,054
Other revenues	999,322	979,919	(3,000)	31,740	996,322	1,011,659
Unrestricted Interest	327,552	349,426	26,836	-	354,388	349,426
Total revenues	25,062,016	24,954,224	2,966,895	1,559,438	28,028,911	26,513,662
Expenditures						
General Government	3,616,480	4,970,085	-	-	3,616,480	4,970,085
Public Protection	5,898,297	5,962,202	-	-	5,898,297	5,962,202
Health & Welfare	4,859,525	4,521,612	-	-	4,859,525	4,521,612
Public Assistance	2,629,920	3,257,364	-	-	2,629,920	3,257,364
Education	94,600	53,322	-	-	94,600	53,322
Recreation & Cultural Services	359,375	323,785	-	-	359,375	323,785
Public Ways & Facilities	5,997,808	6,564,974	-	-	5,997,808	6,564,974
Interest on Long-Term Debt	48,793	75,969	-	-	48,793	75,969
Solid Waste	-	-	1,104,920	1,090,072	1,104,920	1,090,072
Sierra Brooks Water	-	-	367,420	-	367,420	-
Transit	-	-	176,134	180,162	176,134	180,162
Total Expenses	23,504,798	25,729,313	1,648,474	1,270,234	25,153,272	26,999,547
Excess (Deficiency) Over Expenses	1,557,218	(775,089)	1,318,421	289,204	2,875,639	(485,885)
Transfers	65,959	1,664	(65,959)	(1,664)	-	-
Change in Net Position	1,623,177	(773,425)	1,252,462	287,540	2,875,639	(485,885)
Net Position - Prior Year	11,704,609	12,478,034	(97,128)	(384,668)	11,607,481	12,093,366
Prior period adjustment	(1,376,764)	-	1,464,267	-	87,503	-
Net Position - Current Year	\$ 11,951,022	\$ 11,704,609	\$ 2,619,601	\$ (97,128)	\$ 14,570,623	\$ 11,607,481

❖ Property taxes increased by \$376,053 (9.8%) during the year. Sales tax increased by \$23,365.

❖ The combination of contributions from others and capital grants are up primarily from increases in State programs and road and park projects.

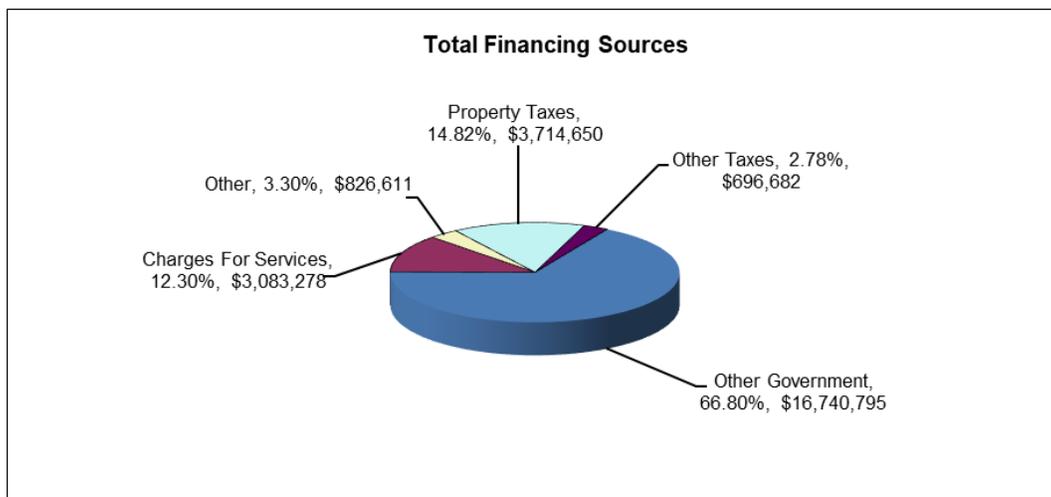
**Sierra County
Management's Discussion and Analysis**

Expenses and Program Revenues – Governmental Activities



	Program Revenues	Expenses
General government	\$ 3,587,956	\$ 3,616,480
Public protection	2,283,861	5,898,297
Public ways and facilities	2,507,341	5,997,808
Health and welfare	5,870,815	4,859,525
Public assistance	2,986,479	2,629,920
Education	1,241	94,600
Recreation and culture	155,427	359,375
Debt Services	-	48,793

Revenues by Source (in millions) – Governmental Activities



Sierra County Management's Discussion and Analysis

The largest portion of revenue received by the County comes from Federal and State sources (approximately 66.80%). The second largest source comes from taxes (17.6%). However, it should be noted that of every \$1.00 collected in property tax, approximately 34% benefits schools, with 53% going toward the funding of County services and programs, the City receiving less than 1%, and Special Districts receiving 12%. Only 20% 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. Three of Sierra County's funds are classified as business-type activities. The Solid Waste fund, Sierra Brooks Water 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 curbside pickup.

The Sierra Brooks Water fund is used to account for activity related to providing water services to residents of the Sierra Brooks region.

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 \$21,147,901, which is available for spending on ongoing operations, an increase of \$2,709,413 from the prior year. Approximately 5% of this total amount, \$1,045,668, constitutes unassigned fund balance. The remaining fund balance of \$20,102,233 is restricted to indicate that it is available for specific programs and projects. Most of the restrictions are imposed by other 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 \$1,131,565 during the 2020/21 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 of 16.3% of total General fund expenditures, while total governmental funds' unassigned fund balance represents 4.7% of all governmental funds' fund balances.

At the end of the current fiscal year, the Road fund had a fund balance of (\$286,884), while nonspendable fund balance was \$43,004, 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. The above deficit will be eliminated by additional billings to other government agencies.

At the end of the current fiscal year, the Human Services fund had a balance of \$7,832,853.

At the end of the current fiscal year, the Public Health and Drug Programs fund had a balance of \$9,047,488.

Sierra County Management's Discussion and Analysis

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 (\$2,021,467).

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

General Fund Budgetary Highlights

From 2009 to 2014, the County of Sierra 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. Since 2020, the County has experienced fast rising property values, increased sales taxes, and a generally healthy economy in spite of, and in fact because of, COVID restrictions nationally and worldwide. 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, 2021, amounts to \$20,559,472 (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 decrease 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 42.

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

- Construction of Addition Road Fund Equipment

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 1,055,098	\$ 1,055,098	\$ 122,124	\$ 122,124	\$ 1,177,222	\$ 1,177,222
Building and System	3,408,135	3,315,229	4,816,500	123,430	8,224,635	3,438,659
Machinery and Equipment	826,086	1,157,992	336,585	255,304	1,162,671	1,413,296
Infrastructure	7,533,923	8,619,615	-	-	7,533,923	8,619,615
Construction in Progress	1,020,604	4,700,371	1,408,404	1,340,722	2,429,008	6,041,093
Historical Treasures	32,013	32,013	-	-	32,013	32,013
Total	\$ 13,875,859	\$ 18,880,318	\$ 6,683,613	\$ 1,841,580	\$ 20,559,472	\$ 20,721,898

Additional information of the County of Sierra's capital assets can be found in Note 4 on pages 42-43 of this report.

Long-Term Debt. At the end of the current fiscal year, the County of Sierra has total debt outstanding of \$6,653,804. The debt consists of landfill closure/postclosure costs, compensated absences, and a pension obligation bond.

**Sierra County
Management's Discussion and Analysis**

**County of Sierra's Outstanding Debt
General Obligation and Revenue Bonds**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Pension Obligation Bond	\$ 623,000	\$ 3,287,145	\$ -	\$ -	\$ 623,000	\$ 3,287,145
Special Assessment Bond	-	-	2,042,545	-	2,042,545	-
Other (capital leases, comp balances & landfill closure)	510,371	476,080	3,477,888	3,436,648	3,988,259	3,912,728
Total	\$ 1,133,371	\$ 3,763,225	\$ 5,520,433	\$ 3,436,648	\$ 6,653,804	\$ 7,199,873

The County of Sierra's total debt decreased by (\$546,069) (-7.58%) 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 44-46 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 2021/22 fiscal year.

- ❖ COVID 19 has affected the Sierra County budget in a positive manner. With travel restrictions both nationally and worldwide, residents for Northern California and Nevada have increased their presence in Sierra County for recreation. This has kept the Transient Occupancy Tax stable. Sales tax is up. Property values have risen significantly because of people wanting to get away from COVID stricken areas and because of the housing pressure in Reno, Tahoe, and Truckee. There is no reason to believe these pressures on property values are going to change anytime soon.

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 Office, P.O. Box 425, Downieville, CA, 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, 2021

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and investments	\$ 20,861,275	\$ 409,841	\$ 21,271,116
Receivables:			
Accounts	57,408	6,636	64,044
Taxes	225,439	21,762	247,201
Intergovernmental	2,374,154	48,000	2,422,154
Prepaid costs	2,469,743	-	2,469,743
Deposits	775	-	775
Inventory	43,004	-	43,004
Internal balances	72,423	(72,423)	-
Due from external agencies	74,696	-	74,696
Restricted cash and investments	-	1,232,858	1,232,858
Capital assets:			
Non-depreciable	2,107,715	1,530,528	3,638,243
Depreciable, net	11,768,144	5,153,085	16,921,229
Total capital assets	<u>13,875,859</u>	<u>6,683,613</u>	<u>20,559,472</u>
Total Assets	<u>40,054,776</u>	<u>8,330,287</u>	<u>48,385,063</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension adjustments	4,719,115	28,364	4,747,479
Deferred OPEB adjustments	214,448	-	214,448
Total Deferred Outflows of Resources	<u>4,933,563</u>	<u>28,364</u>	<u>4,961,927</u>
LIABILITIES			
Accounts payable	848,188	36,445	884,633
Retentions payable	15,299	-	15,299
Salaries and benefits payable	1,079,508	22,812	1,102,320
Accrued interest	-	11,915	11,915
Accrued claims liability	1,899,054	-	1,899,054
Long-term liabilities:			
Due within one year	1,133,371	38,300	1,171,671
Due in more than one year	-	5,482,133	5,482,133
Net pension liability	23,267,128	132,975	23,400,103
Net OPEB liability	1,778,046	-	1,778,046
Total Liabilities	<u>30,020,594</u>	<u>5,724,580</u>	<u>35,745,174</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension adjustments	2,840,007	14,470	2,854,477
Deferred OPEB adjustments	176,716	-	176,716
Total Deferred Inflows of Resources	<u>3,016,723</u>	<u>14,470</u>	<u>3,031,193</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, 2021

	Governmental Activities	Business-Type Activities	Totals
NET POSITION			
Net investment in capital assets	\$ 13,875,859	\$ 4,641,068	\$ 18,516,927
Restricted for:			
General government	177,507	-	177,507
Public protection	2,426,264	-	2,426,264
Health and welfare	9,012,631	-	9,012,631
Public assistance	7,832,853	-	7,832,853
Public ways and facilities	264,481	-	264,481
Unrestricted	(21,638,573)	(2,021,467)	(23,660,040)
	\$ 11,951,022	\$ 2,619,601	\$ 14,570,623
Total Net Position	\$ 11,951,022	\$ 2,619,601	\$ 14,570,623

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, 2021

<u>Functions/Programs:</u>	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 3,616,480	\$ 2,006,396	\$ 1,581,560	\$ -
Public protection	5,898,297	189,555	2,094,306	-
Health and welfare	4,859,525	107,477	5,763,338	-
Public assistance	2,629,920	-	2,986,479	-
Education	94,600	1,241	-	-
Culture and recreation	359,375	-	155,427	-
Public ways and facilities	5,997,808	778,609	1,728,732	2,430,953
Interest on long-term debt	48,793	-	-	-
Total Governmental Activities	<u>23,504,798</u>	<u>3,083,278</u>	<u>14,309,842</u>	<u>2,430,953</u>
Business-type activities:				
Solid waste	1,104,920	906,785	32,808	-
Sierra Brooks Water	367,420	124,894	-	1,279,780
Transit	176,134	16,781	90,180	-
Total Business-Type Activities	<u>1,648,474</u>	<u>1,048,460</u>	<u>122,988</u>	<u>1,279,780</u>
Total	<u>\$ 25,153,272</u>	<u>\$ 4,131,738</u>	<u>\$ 14,432,830</u>	<u>\$ 3,710,733</u>

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

Cumulative effect of a change in accounting principle

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
\$ (28,524)	\$ -	\$ (28,524)
(3,614,436)	-	(3,614,436)
1,011,290	-	1,011,290
356,559	-	356,559
(93,359)	-	(93,359)
(203,948)	-	(203,948)
(1,059,514)	-	(1,059,514)
(48,793)	-	(48,793)
<u>(3,680,725)</u>	<u>-</u>	<u>(3,680,725)</u>
-	(165,327)	(165,327)
-	1,037,254	1,037,254
-	(69,173)	(69,173)
<u>-</u>	<u>802,754</u>	<u>802,754</u>
<u>(3,680,725)</u>	<u>802,754</u>	<u>(2,877,971)</u>
3,714,650	491,831	4,206,481
196,419	-	196,419
388,452	-	388,452
50,613	-	50,613
61,198	-	61,198
20,265	-	20,265
327,552	26,836	354,388
478,794	(3,000)	475,794
65,959	(65,959)	-
<u>5,303,902</u>	<u>449,708</u>	<u>5,753,610</u>
<u>1,623,177</u>	<u>1,252,462</u>	<u>2,875,639</u>
11,704,609	(97,128)	11,607,481
<u>(1,376,764)</u>	<u>1,464,267</u>	<u>87,503</u>
<u>10,327,845</u>	<u>1,367,139</u>	<u>11,694,984</u>
<u>\$ 11,951,022</u>	<u>\$ 2,619,601</u>	<u>\$ 14,570,623</u>

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Basic Financial Statements

- **Fund Financial Statements**

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COUNTY OF SIERRA
Balance Sheet
Governmental Funds
June 30, 2021

	General	Road	Human Services	Public Health and Drug Programs
ASSETS				
Cash and investments	\$ 1,735,787	\$ 181,102	\$ 7,842,913	\$ 8,986,595
Receivables:				
Accounts	-	-	-	-
Taxes	223,997	-	-	-
Intergovernmental	262,666	750,471	120,742	1,109,381
Prepaid costs	2,469,743	-	-	-
Deposits	-	-	-	-
Inventory	-	43,004	-	-
Due from other funds	4,940	-	-	-
	<u>4,940</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 4,697,133</u>	<u>\$ 974,577</u>	<u>\$ 7,963,655</u>	<u>\$ 10,095,976</u>
LIABILITIES				
Accounts payable	\$ 189,466	\$ 344,239	\$ 7,922	\$ 282,976
Retentions payable	-	15,299	-	-
Salaries and benefits payable	542,987	179,321	122,880	234,320
Accrued claims liability	1,899,054	-	-	-
Due to other funds	-	161,232	-	4,940
	<u>-</u>	<u>161,232</u>	<u>-</u>	<u>4,940</u>
Total Liabilities	<u>2,631,507</u>	<u>700,091</u>	<u>130,802</u>	<u>522,236</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	81,069	561,370	-	526,252
	<u>81,069</u>	<u>561,370</u>	<u>-</u>	<u>526,252</u>
Total Deferred Inflows of Resources	<u>81,069</u>	<u>561,370</u>	<u>-</u>	<u>526,252</u>
FUND BALANCES				
Nonspendable	570,689	43,004	-	-
Restricted	-	-	7,832,853	9,047,488
Unassigned	1,413,868	(329,888)	-	-
	<u>1,413,868</u>	<u>(329,888)</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>1,984,557</u>	<u>(286,884)</u>	<u>7,832,853</u>	<u>9,047,488</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,697,133</u>	<u>\$ 974,577</u>	<u>\$ 7,963,655</u>	<u>\$ 10,095,976</u>

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

Other Governmental Funds	Totals
\$ 2,114,878	\$20,861,275
57,408	57,408
1,442	225,439
130,894	2,374,154
-	2,469,743
775	775
-	43,004
345,683	350,623
<u>\$ 2,651,080</u>	<u>\$26,382,421</u>
\$ 23,585	\$ 848,188
-	15,299
-	1,079,508
-	1,899,054
37,332	203,504
<u>60,917</u>	<u>4,045,553</u>
20,276	1,188,967
<u>20,276</u>	<u>1,188,967</u>
-	613,693
2,608,199	19,488,540
(38,312)	1,045,668
<u>2,569,887</u>	<u>21,147,901</u>
<u>\$ 2,651,080</u>	<u>\$26,382,421</u>

COUNTY OF SIERRA
Reconciliation of the Governmental Funds Balance
Sheet to the Government-Wide Statement of
Net Position - Governmental Activities
June 30, 2021

Total Fund Balances - Total Governmental Funds	\$ 21,147,901
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.	13,875,859
Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenues in the governmental funds.	1,188,967
Deferred outflows of resources related to pension and OPEB are not reported in the governmental funds.	4,933,563
Deferred inflows of resources related to pension and OPEB are not reported in the governmental funds.	(3,016,723)
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	
Bonds payable	(623,000)
Compensated absences	(510,371)
Net pension liability	(23,267,128)
Net OPEB liability	(1,778,046)
Net Position of Governmental Activities	<u><u>\$ 11,951,022</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, 2021

	<u>General</u>	<u>Road</u>	<u>Human Services</u>	<u>Public Health and Drug Programs</u>
REVENUES				
Taxes and assessments	\$ 4,368,402	\$ -	\$ -	\$ -
Licenses, permits, and franchises	93,138	4,943	-	-
Fines and forfeitures	22,417	-	-	-
Intergovernmental	1,446,938	3,951,239	3,518,613	5,189,018
Use of money and property	200,288	1,074	6,628	118,591
Charges for services	1,761,987	669,934	1,604	105,610
Other revenues	237,503	5,459	161,245	16,983
Total Revenues	<u>8,130,673</u>	<u>4,632,649</u>	<u>3,688,090</u>	<u>5,430,202</u>
EXPENDITURES				
Current:				
General government	3,129,355	-	-	-
Public protection	4,952,148	-	-	-
Health and welfare	231	-	-	4,828,878
Public assistance	111,301	-	2,589,380	-
Education	42,920	-	-	-
Culture and recreation	360,745	-	-	-
Public ways and facilities	74,111	4,802,065	-	-
Debt service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	195,356	28,452	47,300
Total Expenditures	<u>8,670,811</u>	<u>4,997,421</u>	<u>2,617,832</u>	<u>4,876,178</u>
Excess of Revenues Over (Under) Expenditures	<u>(540,138)</u>	<u>(364,772)</u>	<u>1,070,258</u>	<u>554,024</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,254,167	186,014	178,147	85,184
Transfers out	(582,464)	(163,341)	(152,844)	(284,649)
Total Other Financing Sources (Uses)	<u>1,671,703</u>	<u>22,673</u>	<u>25,303</u>	<u>(199,465)</u>
Net Change in Fund Balances	<u>1,131,565</u>	<u>(342,099)</u>	<u>1,095,561</u>	<u>354,559</u>
Fund Balances - Beginning	852,992	35,215	6,737,292	8,692,929
Cumulative effect of a change in accounting principle	-	20,000	-	-
Fund Balances - Beginning, Restated	<u>852,992</u>	<u>55,215</u>	<u>6,737,292</u>	<u>8,692,929</u>
Fund Balances - Ending	<u>\$ 1,984,557</u>	<u>\$ (286,884)</u>	<u>\$ 7,832,853</u>	<u>\$ 9,047,488</u>

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

Other Governmental Funds	Totals
\$ 75,111	\$ 4,443,513
-	98,081
60,589	83,006
2,549,323	16,655,131
971	327,552
370,428	2,909,563
62,402	483,592
<u>3,118,824</u>	<u>25,000,438</u>
417,159	3,546,514
170,874	5,123,022
-	4,829,109
-	2,700,681
-	42,920
-	360,745
61,419	4,937,595
584,000	584,000
48,793	48,793
-	271,108
<u>1,282,245</u>	<u>22,444,487</u>
<u>1,836,579</u>	<u>2,555,951</u>
821,766	3,525,278
(2,276,021)	(3,459,319)
<u>(1,454,255)</u>	<u>65,959</u>
<u>382,324</u>	<u>2,621,910</u>
2,120,060	18,438,488
67,503	87,503
<u>2,187,563</u>	<u>18,525,991</u>
<u>\$ 2,569,887</u>	<u>\$21,147,901</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, 2021

Net Change in Fund Balances - Total Governmental Funds	\$ 2,621,910
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Expenditures for capital outlay	271,108
Less current year depreciation	(1,726,357)
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.	
	(4,798)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	
Principal retirements	584,000
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	66,376
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	1,187,214
Change in deferred inflows of resources related to pension	396,215
Change in deferred outflows of resources related to OPEB	29,806
Change in deferred inflows of resources related to OPEB	19,683
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	(34,291)
Change in net pension liability	(1,778,167)
Change in net OPEB liability	(9,522)
Change in Net Position of Governmental Activities	\$ 1,623,177

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

COUNTY OF SIERRA
Statement of Net Position
Proprietary Funds
June 30, 2021

	Business-Type Activities			Totals
	Enterprise Funds			
	Solid Waste	Sierra Brooks Water	Other Enterprise Funds	
ASSETS				
Current Assets:				
Cash and investments	\$ 261,268	\$ 148,573	\$ -	\$ 409,841
Receivables:				
Accounts	-	6,636	-	6,636
Taxes	20,053	1,709	-	21,762
Intergovernmental	-	-	48,000	48,000
Total Current Assets	281,321	156,918	48,000	486,239
Noncurrent Assets:				
Restricted cash and investments	1,232,858	-	-	1,232,858
Capital Assets :				
Non-depreciable	1,530,528	-	-	1,530,528
Depreciable, net	225,109	4,837,722	90,254	5,153,085
Total Noncurrent Assets	2,988,495	4,837,722	90,254	7,916,471
Total Assets	3,269,816	4,994,640	138,254	8,402,710
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension adjustments	28,364	-	-	28,364
Total Deferred Outflows of Resources	28,364	-	-	28,364
LIABILITIES				
Current Liabilities:				
Accounts payable	28,665	7,780	-	36,445
Salaries and benefits payable	18,743	4,069	-	22,812
Accrued interest	-	11,915	-	11,915
Due to other funds	-	-	72,423	72,423
Loans payable	-	38,300	-	38,300
Total Current Liabilities	47,408	62,064	72,423	181,895
Noncurrent Liabilities:				
Loans payable	-	2,004,245	-	2,004,245
Closure/postclosure liability	3,477,888	-	-	3,477,888
Net pension liability	132,975	-	-	132,975
Total Noncurrent Liabilities	3,610,863	2,004,245	-	5,615,108
Total Liabilities	3,658,271	2,066,309	72,423	5,797,003
DEFERRED INFLOWS OF RESOURCES				
Deferred pension adjustments	14,470	-	-	14,470
Total Deferred Inflows of Resources	14,470	-	-	14,470
NET POSITION				
Investment in capital assets	1,755,637	2,795,177	90,254	4,641,068
Unrestricted	(2,130,198)	133,154	(24,423)	(2,021,467)
Total Net Position	\$ (374,561)	\$ 2,928,331	\$ 65,831	\$ 2,619,601

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, 2021

	Business-Type Activities Enterprise Funds			Totals
	Solid Waste	Sierra Brooks Water	Other Enterprise Funds	
OPERATING REVENUES				
Charges for services	\$ 906,785	\$ 124,894	\$ -	\$ 1,031,679
Passenger fares	-	-	16,781	16,781
Total Operating Revenues	<u>906,785</u>	<u>124,894</u>	<u>16,781</u>	<u>1,048,460</u>
OPERATING EXPENSES				
Salaries and benefits	281,314	44,948	-	326,262
Services and supplies	796,783	197,676	-	994,459
Purchased transportation	-	-	124,781	124,781
Administration	-	-	4,105	4,105
Depreciation	26,823	78,097	47,248	152,168
Total Operating Expenses	<u>1,104,920</u>	<u>320,721</u>	<u>176,134</u>	<u>1,601,775</u>
Operating Income (Loss)	<u>(198,135)</u>	<u>(195,827)</u>	<u>(159,353)</u>	<u>(553,315)</u>
NON-OPERATING REVENUES (EXPENSES)				
Taxes and assessments	1,130	490,701	-	491,831
Intergovernmental	32,808	-	90,180	122,988
Interest income	28,069	1,265	(2,498)	26,836
Interest expense	-	(46,699)	-	(46,699)
Loss on disposal of capital assets	-	-	(3,000)	(3,000)
Total Non-Operating Revenues (Expenses)	<u>62,007</u>	<u>445,267</u>	<u>84,682</u>	<u>591,956</u>
Income (Loss) Before Transfers	<u>(136,128)</u>	<u>249,440</u>	<u>(74,671)</u>	<u>38,641</u>
Capital contributions	-	1,279,780	-	1,279,780
Transfers in	-	228,811	-	228,811
Transfers out	(803)	(293,967)	-	(294,770)
Change in Net Position	<u>(136,931)</u>	<u>1,464,064</u>	<u>(74,671)</u>	<u>1,252,462</u>
Total Net Position - Beginning	<u>(237,630)</u>	<u>-</u>	<u>140,502</u>	<u>(97,128)</u>
Cumulative effect of a change in accounting principle	-	1,464,267	-	1,464,267
Total Net Position - Beginning, Restated	<u>(237,630)</u>	<u>1,464,267</u>	<u>140,502</u>	<u>1,367,139</u>
Total Net Position - Ending	<u>\$ (374,561)</u>	<u>\$ 2,928,331</u>	<u>\$ 65,831</u>	<u>\$ 2,619,601</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, 2021

	Business-Type Activities			Totals
	Enterprise Funds			
	Solid Waste	Sierra Brooks Water	Other Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 907,215	\$ 120,929	\$ 16,781	\$ 1,044,925
Payments to suppliers	(765,513)	(413,550)	(128,886)	(1,307,949)
Payments to employees	(264,428)	(44,897)	-	(309,325)
Net Cash Provided (Used) by Operating Activities	(122,726)	(337,518)	(112,105)	(572,349)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Taxes received	(3,685)	490,381	78,500	565,196
Intergovernmental revenue received	32,808	-	-	32,808
Transfers to other funds	(803)	(5,672)	-	(6,475)
Interfund loans received	-	(407,607)	72,423	(335,184)
Interfund loans repaid	-	85,607	(36,320)	49,287
Net Cash Provided (Used) by Noncapital Financing Activities	28,320	162,709	114,603	305,632
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Intergovernmental revenue received	-	1,765,757	-	1,765,757
Acquisition of capital assets	(75,210)	(1,371,407)	-	(1,446,617)
Principal paid on capital debt	-	(37,600)	-	(37,600)
Interest paid on capital debt	-	(34,784)	-	(34,784)
Net Cash Provided (Used) by Capital and Related Financing Activities	(75,210)	321,966	-	246,756
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	28,069	1,265	(2,498)	26,836
Net Cash Provided (Used) by Investing Activities	28,069	1,265	(2,498)	26,836
Net Increase (Decrease) in Cash and Cash Equivalents	(141,547)	148,422	-	6,875
Balances - Beginning	1,635,673	151	-	1,635,824
Balances - Ending	\$ 1,494,126	\$ 148,573	\$ -	\$ 1,642,699

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

Continued (Page 1 of 2)

COUNTY OF SIERRA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Business-Type Activities			Totals
	Enterprise Funds			
	Solid Waste	Sierra Brooks Water	Other Enterprise Funds	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (198,135)	\$ (195,827)	\$ (159,353)	\$ (553,315)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	26,823	78,097	47,248	152,168
Decrease (increase) in:				
Accounts receivable	430	(3,965)	-	(3,535)
Pension adjustments - deferred outflows	(11,566)	-	-	(11,566)
Increase (decrease) in:				
Accounts payable	(9,970)	(215,874)	-	(225,844)
Salaries and benefits payable	(204)	51	-	(153)
Pension adjustments - deferred inflows	(547)	-	-	(547)
Net pension liability	29,203	-	-	29,203
Closure/postclosure liability	41,240	-	-	41,240
Net Cash Provided (Used) by Operating Activities	\$ (122,726)	\$ (337,518)	\$ (112,105)	\$ (572,349)

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

Continued (Page 2 of 2)

COUNTY OF SIERRA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Investment Trust Funds	Custodial Funds	Total Fiduciary Funds
ASSETS			
Cash and investments	\$ 8,735,485	\$ 665,230	\$ 9,400,715
Receivables:			
Taxes	-	573,834	573,834
Intergovernmental	174	43,005	43,179
	8,735,659	1,282,069	10,017,728
Total Assets			
LIABILITIES			
Accounts payable	92,511	122,179	214,690
Salaries and benefits payable	2,049	-	2,049
Due to other funds	-	74,696	74,696
	94,560	196,875	291,435
Total Liabilities			
NET POSITION			
Restricted for individuals, organizations, and other governments	8,641,099	1,085,194	9,726,293
	\$ 8,641,099	\$ 1,085,194	\$ 9,726,293
Total Net Position			

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, 2021

	Investment Trust Funds	Custodial Funds	Total Fiduciary Funds
ADDITIONS			
Property taxes collected for other governments	\$ 4,178,975	\$ 541,622	\$ 4,720,597
Contributions to pooled investments	6,112,786	1,183,431	7,296,217
Net investment earnings	120,944	553,541	674,485
Total Additions	<u>10,412,705</u>	<u>2,278,594</u>	<u>12,691,299</u>
DEDUCTIONS			
Property taxes distributed to other governments	781,187	393,250	1,174,437
Distributions from pooled investments	9,538,196	1,834,932	11,373,128
Total Deductions	<u>10,319,383</u>	<u>2,228,182</u>	<u>12,547,565</u>
Net Increase (Decrease) in Fiduciary Net Position	93,322	50,412	143,734
Total Net Position - Beginning	<u>8,547,777</u>	<u>1,034,782</u>	<u>9,582,559</u>
Total Net Position - Ending	<u><u>\$ 8,641,099</u></u>	<u><u>\$ 1,085,194</u></u>	<u><u>\$ 9,726,293</u></u>

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

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, 2021

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.

Component Units

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 at, 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

County Service Area No. 2
County Service Area No. 4
Verdi Fire Zone

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, 2021

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 Public Risk Innovation, Solutions, and Management (PRISM). PRISM is a joint powers authority organized for the purpose of developing and funding excess insurance programs for member counties. PRISM operates public entity risk pools for workers' compensation, comprehensive liability, property, and medical malpractice, and the pool purchases excess insurance and services for members. PRISM is under the control and direction of a board of directors consisting of representatives of the 55 member counties. Complete audited financial statements can be obtained from PRISM'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, 2021

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 Sierra Brooks Water fund is an enterprise fund used to account for activity related to providing water services to residents of the Sierra Brooks region.

Additionally, the County reports the following fund types:

- Investment Trust funds are used to report fiduciary activities from the external portion of an investment pool and individual investment accounts that are held in a trust. Participants include school districts, other special districts governed by local boards, regional boards and authorities, and cities that are required to keep cash in the County Treasury.
- Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. These include unapportioned property taxes and other custodial funds.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

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 custodial funds. All investment trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. Custodial 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, 2021

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, 2021, 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 fiduciary 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 \$1,232,858 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, 2021

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, 2021 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, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Property Tax (Continued)

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

	Secured	Unsecured
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 \$69,728 at June 30, 2021. 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, 2021

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, 2019
Measurement Date	June 30, 2020
Measurement Period	June 30, 2019 to June 30, 2020

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, 2019
Measurement Date	June 30, 2020
Measurement Period	June 30, 2019 to June 30, 2020

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

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. 84, “Fiduciary Activities.” The requirements of this statement are effective for periods beginning after December 15, 2019. The County implemented this statement for the fiscal year ended June 30, 2021.

Statement No. 90, “Majority Equity Interest.” In September 2018, the GASB issued Statement No. 90, an amendment of GASB Statements No. 14 and No. 61. The requirements of this statement will take effect for financial statement starting with the fiscal year that ends June 30, 2021. The County does not have any majority equity interests to report for the year ended June 30, 2021.

T. Future Accounting Pronouncements

The following GASB Statements will be implemented in future financial statements:

Statement No. 87 “Leases” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

Statement No. 89 “Accounting for Interest Cost Incurred Before the End of a Construction Period”. The requirements of this statement are effective for periods beginning after December 15, 2020. (FY 21/22)

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Future Accounting Pronouncements (Continued)

- Statement No. 91 “Conduit Debt Obligations” The requirements of this statement are effective for periods beginning after December 15, 2021. (FY 22/23)
- Statement No. 92 “Omnibus 2020” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)
- Statement No. 93 “Replacement of Interbank Offered Rates” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)
- Statement No. 94 “Public-Private and Public-Public Partnerships and Availability Payment Arrangements” The requirements of this statement are effective for periods beginning after June 15, 2022. (FY 22/23)
- Statement No. 96 “Subscription-Based Information Technology Arrangements” The requirements of this statement are effective for periods beginning after June 15, 2022. (FY 22/23)
- Statement No. 97 “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

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 the County reported a prior period adjustment to reflect the cumulative effect of an accounting change of reclassifying trust funds to special revenue funds. The County also reclassified the Sierra Brooks Water fund from a special revenue fund to an enterprise 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, 2020, as previously reported	\$ 11,704,609	(\$ 97,128)
Adjustment associated with:		
Cumulative effect of changing trust funds to special revenue funds	87,503	-
Cumulative effect of changing Sierra Brooks Water to an enterprise fund	(1,464,267)	1,464,267
Total Adjustments	(1,376,764)	1,464,267
Net Position, July 1, 2020, as restated	<u>\$ 10,327,845</u>	<u>\$ 1,367,139</u>

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Restatement of Net Position/Fund Balance (Continued)

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

	Road Fund	Other Governmental Funds	Sierra Brooks Water
	<u> </u>	<u> </u>	<u> </u>
Fund Balance/Net Position, June 30, 2020, as previously reported	\$ 35,215	\$ 2,120,060	\$ -
Adjustment associated with:			
Cumulative effect of changing trust funds to special revenue funds	20,000	67,503	-
Cumulative effect of changing Sierra Brooks Water to an enterprise fund	<u>-</u>	<u>-</u>	<u>1,464,267</u>
Total Adjustments	<u>20,000</u>	<u>67,503</u>	<u>1,464,267</u>
Net Position/Fund Balance, June 30, 2020, as restated	<u>\$ 55,215</u>	<u>\$ 2,187,563</u>	<u>\$ 1,464,267</u>

B. Deficit Fund Balance/Net Position

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

- The Aviation fund had a fund balance deficit of \$37,452, 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 \$385,319, which is expected to be eliminated in future years through increased revenues.

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.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

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 \$8,735,485 at June 30, 2021.

A. Financial Statement Presentation

As of June 30, 2021, the County's cash and investments are reported in the financial statements as follows:

Primary government	\$ 22,503,974
Investment trust funds	8,735,485
Custodial funds	<u>665,230</u>
Total Cash and Investments	<u>\$ 31,904,689</u>

As of June 30, 2021, the County's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 21,296
Deposits in Treasurer's Pool (less outstanding checks)	<u>717,008</u>
Total Cash	<u>738,304</u>
Investments:	
In Treasurer's Pool	<u>31,166,385</u>
Total Investments	<u>31,166,385</u>
Total Cash and Investments	<u>\$ 31,904,689</u>

B. Cash

At year end, the carrying amount of the County's cash deposits (including the amount in a checking account) was \$717,008 and the bank balance was \$992,872. 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 \$21,296.

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.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

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.

At June 30, 2021, the County had the following recurring fair value measurements:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level				
Federal Agencies	\$ 9,611,154	\$ -	\$ 9,611,154	\$ -
Medium-Term Corporate Notes	6,901,412	-	6,901,412	-
Supranationals	634,434	-	634,434	-
U.S. Treasuries	<u>8,865,727</u>	-	<u>8,865,727</u>	-
Total Investments Measured at Fair Value	26,012,727	<u>\$ -</u>	<u>\$ 26,012,727</u>	<u>\$ -</u>
Investments in External Investment Pools				
LAIF	5,152,616			
CAMP	<u>1,042</u>			
Total Investments	<u>\$ 31,166,385</u>			

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

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, 2021, 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	0.250-3.000%	\$ 2,600,662	\$ 7,010,492	\$ 9,611,154	1.60
Medium-Term Corporate Notes	0.800-3.875%	2,000,575	4,900,837	6,901,412	2.01
Supranationals	2.500%	-	634,434	634,434	0.18
U.S. Treasuries	0.125-2.000%	1,896,463	6,969,264	8,865,727	1.95
LAIF	Variable	5,152,616	-	5,152,616	-
CAMP	Variable	1,042	-	1,042	-
Total Investments		<u>\$11,651,358</u>	<u>\$19,515,027</u>	<u>\$31,166,385</u>	<u>1.50</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, 2021

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	-	AAA	AA+	9.20%
Federal National Mortgage Association	-	AAA	AA+	9.62%
Federal Home Loan Mortgage Corporation	-	AAA	AA+	7.21%
Federal Farm Credit Bank	-	AAA	AA+	4.81%
Medium-Term Corporate Notes	A	A	A1	0.80%
Medium-Term Corporate Notes	A	A	A2	6.05%
Medium-Term Corporate Notes	A	A	A3	1.05%
Medium-Term Corporate Notes	A	A	Aa3	1.03%
Medium-Term Corporate Notes	A	A-	A2	2.85%
Medium-Term Corporate Notes	A	A-	A3	0.64%
Medium-Term Corporate Notes	A	A+	A1	2.99%
Medium-Term Corporate Notes	A	A+	A2	0.97%
Medium-Term Corporate Notes	A	AA	Aa2	1.59%
Medium-Term Corporate Notes	A	AA-	A1	0.96%
Medium-Term Corporate Notes	A	AA-	AA3	0.80%
Medium-Term Corporate Notes	A	AA+	Aa2	1.60%
Medium-Term Corporate Notes	A	AA+	Aa1	0.80%
Supranationals	A	AAA	AAA	2.04%
U.S. Treasuries	-	AAA	AA+	28.45%
LAIF	N/A	Unrated	Unrated	16.53%
CAMP	N/A	Unrated	Unrated	<u>00.01%</u>
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, 2021, 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	\$ 2,886,045	9.20%
Federal National Mortgage Association	2,997,837	9.62%
Federal Farm Credit Bank	2,247,357	7.21%
Medium-Term Corporate Notes	1,886,770	6.05%

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

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, 2021, the County's investment in LAIF valued at amortized cost was \$5,152,616 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 \$193.3 billion. Of that amount, 97.69 percent is invested in non-derivative financial products and 2.31 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, 2021, was \$1,042, 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, 2021:

	Internal Participants	External Participants	Total Pool
Statement of Net Position			
Cash on hand	\$ 21,296	\$ -	\$ 21,296
Deposits (less outstanding checks)	717,008	-	717,008
Investments	22,430,900	8,735,485	31,166,385
Net Position at June 30, 2021	\$ 23,169,204	\$ 8,735,485	\$ 31,904,689
Statement of Changes in Net Position			
Net position at July 1, 2020	\$ 20,183,183	\$ 8,505,561	\$ 28,688,744
Net changes in investments by pool participants	2,986,021	229,924	3,215,945
Net Position at June 30, 2021	\$ 23,169,204	\$ 8,735,485	\$ 31,904,689

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Retirements	Transfers/ Adjustments	Balance June 30, 2021
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,055,098	\$ -	\$ -	\$ -	\$ 1,055,098
Construction in progress	4,700,371	59,347	(4,798)	(3,734,316)	1,020,604
Historical treasurers	32,013	-	-	-	32,013
Total Capital Assets, Not Being Depreciated	5,787,482	59,347	(4,798)	(3,734,316)	2,107,715
Capital Assets, Being Depreciated:					
Infrastructure	20,923,676	-	-	-	20,923,676
Structures and improvements	8,358,477	-	-	340,581	8,699,058
Equipment	8,903,803	211,761	-	(418,500)	8,697,064
Total Capital Assets, Being Depreciated	38,185,956	211,761	-	(77,919)	38,319,798
Less Accumulated Depreciation For:					
Infrastructure	(12,304,061)	(1,085,692)	-	-	(13,389,753)
Structures and improvements	(5,043,248)	(247,675)	-	-	(5,290,923)
Equipment	(7,745,811)	(392,990)	-	267,823	(7,870,978)
Total Accumulated Depreciation	(25,093,120)	(1,726,357)	-	267,823	(26,551,654)
Total Capital Assets, Being Depreciated, Net	13,092,836	(1,514,596)	-	189,904	11,768,144
Governmental Activities Capital Assets, Net	\$ 18,880,318	(\$1,455,249)	(\$ 4,798)	(\$ 3,544,412)	\$ 13,875,859
Business-Type Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 122,124	\$ -	\$ -	\$ -	\$ 122,124
Construction in progress	1,340,722	67,682	-	-	1,408,404
Total Capital Assets, Not Being Depreciated	1,462,846	67,682	-	-	1,530,528
Capital Assets, Being Depreciated:					
Structures and improvements	202,762	1,371,407	-	3,393,733	4,967,902
Equipment	551,468	13,700	(146,417)	418,500	837,251
Total Capital Assets, Being Depreciated	754,230	1,385,107	(146,417)	3,812,233	5,805,153
Less Accumulated Depreciation For:					
Structures and improvements	(79,332)	(72,070)	-	-	(151,402)
Equipment	(296,164)	(80,098)	143,417	(267,821)	(500,666)
Total Accumulated Depreciation	(375,496)	(152,168)	143,417	(267,821)	(652,068)
Total Capital Assets, Being Depreciated, Net	378,734	1,232,939	(3,000)	3,544,412	5,153,085
Business-Type Activities Capital Assets, Net	\$ 1,841,580	\$1,300,621	(\$ 3,000)	\$ 3,544,412	\$ 6,683,613

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 4: CAPITAL ASSETS (CONTINUED)

Depreciation

Depreciation expense was charged to governmental activities as follows:

General government	\$ 168,213
Public protection	255,101
Health and welfare	68,000
Public assistance	14,433
Culture and recreation	51,474
Public ways and facilities	<u>1,169,136</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 1,726,357</u>

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

Solid waste	\$ 26,823
Sierra Brooks Water	78,097
Transit	<u>47,248</u>
Total Depreciation Expense – Business-Type Activities	<u>\$ 152,168</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 From/To 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, 2021

NOTE 5: INTERFUND TRANSACTIONS (CONTINUED)

Due From/To Other Funds (Continued)

The following are due from and due to balances as of June 30, 2021:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General fund	\$ 4,940	\$ -
Road	-	161,232
Public Health and Drug Programs	-	4,940
Nonmajor governmental funds	345,683	37,332
Nonmajor enterprise funds	-	72,423
Custodial funds	-	74,696
	<u> </u>	<u> </u>
Total	<u>\$ 350,623</u>	<u>\$ 350,623</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, 2021:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 2,254,167	\$ 582,464
Road	186,014	163,341
Human Services	178,147	152,844
Public Health and Drug Programs	85,184	284,649
Nonmajor governmental funds	821,766	2,276,021
Solid Waste	-	803
Sierra Brooks Water	228,811	293,967
	<u> </u>	<u> </u>
Total	<u>\$ 3,754,089</u>	<u>\$ 3,754,089</u>

NOTE 6: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2021:

<u>Type of Indebtedness</u>	<u>Balance July 1, 2020</u>	<u>Transfers/ Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2021</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds from direct borrowings	\$ 3,287,145	(\$ 2,080,145)	(\$ 584,000)	\$ 623,000	\$ 623,000
Compensated absences	476,080	518,812	(484,521)	510,371	510,371
Total Governmental Activities	<u>\$ 3,763,225</u>	<u>(\$ 1,561,333)</u>	<u>(\$1,068,521)</u>	<u>\$ 1,133,371</u>	<u>\$ 1,133,371</u>
Business-Type Activities					
Bonds from direct borrowings	\$ -	\$ 2,080,145	(\$ 37,600)	\$ 2,042,545	\$ 38,300
Closure/postclosure	3,436,648	41,240	-	3,477,888	-
Total Business-Type Activities	<u>\$ 3,436,648</u>	<u>\$ 2,121,385</u>	<u>(\$ 37,600)</u>	<u>\$ 5,520,433</u>	<u>\$ 38,300</u>

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

Compensated absences for governmental activities are generally liquidated by the fund where the accrued liability occurred. The closure/postclosure liability will be liquidated by the Solid Waste fund.

Individual issues of debt payable outstanding at June 30, 2021, are as follows:

Governmental Activities

Bonds from Direct Borrowings:

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.

\$ 623,000

Total Bonds from Direct Borrowings

623,000

Total Governmental Activities

\$ 623,000

Business-Type Activities

Bonds from Direct Borrowings:

2019 Series Direct Borrowing Assessment District No. 2015-01 Limited Obligation Improvement Bonds, issued September 1, 2019 in the amount of \$2,080,145, due in annual installments of \$37,600 to \$73,045, with an interest rate of 1.75% and maturity date of September 2, 2058. The bonds were used for the purpose of acquisitions, work and improvements of County Service Area No. 5. The bonds are secured by monies in the redemption fund and by the unpaid portion of the assessments made for the payment of improvements.

\$ 2,042,545

Total Bonds from Direct Borrowings

2,042,545

Total Business-Type Activities

\$ 2,042,545

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

Governmental Activities

Year Ended June 30	Bonds from Direct Borrowings		
	Principle	Interest	Totals
2022	\$ 623,000	\$ 21,482	\$ 644,482
Total	<u>\$ 623,000</u>	<u>\$ 21,482</u>	<u>\$ 644,482</u>

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

Business-Type Activities

Year Ended June 30	Bonds from Direct Borrowings		
	Principle	Interest	Totals
2022	\$ 38,300	\$ 35,409	\$ 73,709
2023	39,000	34,733	73,733
2024	39,600	34,045	73,645
2025	40,300	33,346	73,646
2026	41,000	32,635	73,635
2027-2031	216,300	152,048	368,348
2032-2036	235,900	132,275	368,175
2037-2041	257,100	110,719	367,819
2042-2046	280,600	87,212	367,812
2047-2051	305,900	61,565	367,465
2052-2056	333,700	33,603	367,303
2057-2059	214,845	5,688	220,533
Total	<u>\$ 2,042,545</u>	<u>\$ 753,278</u>	<u>\$ 2,795,823</u>

NOTE 7: 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 \$3,477,888 reported as closure/postclosure liability at June 30, 2021, 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 \$447,697 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 2021. 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, 2021, cash and investments of \$1,232,858 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, 2021

NOTE 7: 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 8: 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 Restricted by Enabling Legislation

The government-wide Statement of Net Position reports \$19,713,736 of restricted net position, of which \$19,713,736 is restricted by enabling legislation.

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 9: 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, 2021, 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.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 9: FUND BALANCES (CONTINUED)

- **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.
- **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 Board action, 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 authority, 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, 2021, were distributed as follows:

	General Fund	Road	Human Services	Public Health and Drug Programs	Other Governmental Funds	Totals
Nonspendable:						
Prepaid costs	\$ 570,689	\$ -	\$ -	\$ -	\$ -	\$ 570,689
Inventory	-	43,004	-	-	-	43,004
Subtotal	<u>570,689</u>	<u>43,004</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>613,693</u>
Restricted for:						
Social Service Programs	-	-	7,832,853	-	-	7,832,853
Public Health & Drug Programs	-	-	-	9,047,488	-	9,047,488
Fish and Game	-	-	-	-	5,716	5,716
Predator Control	-	-	-	-	659	659
Clerk Recorder	-	-	-	-	73,741	73,741
Court Fines	-	-	-	-	55,494	55,494
Law Enforcement	-	-	-	-	1,508,246	1,508,246
Board of Supervisors	-	-	-	-	449,924	449,924
Fire Safe Programs	-	-	-	-	147,917	147,917
Tax Related Costs	-	-	-	-	34,146	34,146
Office of Emergency Services	-	-	-	-	194,420	194,420
Special Districts Under the Board	-	-	-	-	74,691	74,691
Debt Services	-	-	-	-	63,245	63,245
Subtotal	<u>-</u>	<u>-</u>	<u>7,832,853</u>	<u>9,047,488</u>	<u>2,608,199</u>	<u>19,488,540</u>
Unassigned	<u>1,413,868</u>	<u>(329,888)</u>	<u>-</u>	<u>-</u>	<u>(38,312)</u>	<u>1,045,668</u>
Total	<u>\$1,984,557</u>	<u>(\$286,884)</u>	<u>\$7,832,853</u>	<u>\$ 9,047,488</u>	<u>\$ 2,569,887</u>	<u>\$ 21,147,901</u>

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 9: 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 10: 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 a retirement tier for both the Miscellaneous and Safety Rate Tiers for new employees as required under the Public Employee Pension Reform Act (PEPRA). Classic employees are generally defined as employees who have been a member of any public retirement system who have had less than a six month break in service. Applicable new hires to the County defined as classic employees as determined by PERS will be subject to the non-PEPRA plan. New non-classic 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 non-classic 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.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 10: PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

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

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 (age 52 for Miscellaneous Plan members if membership date is on or after January 1, 2013) 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, 2021, 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 PEPRA	2.0% @ 62	50-62	1.000% to 2.500%
Safety	3.0% @ 55	55	2.400% to 3.000%
Safety County Peace Officer PEPRA	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	14.194%	8.000%	0.000%
Miscellaneous PEPRA	7.732%	6.750%	0.000%
Safety	21.746%	9.000%	0.000%
Safety County Peace Officer PEPRA	13.044%	13.000%	0.000%

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 10: PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

Contributions (Continued)

For the year ended June 30, 2021, the contributions recognized as part of pension expense were as follows:

	<u>Contributions-Employer</u>	<u>Contributions-Employee (Paid by Employer)</u>
Miscellaneous	\$ 1,712,439	\$ -
Safety	410,892	-

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, 2020, 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, 2019 rolled forward to June 30, 2020 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, 2020 and 2021 was as follows:

	<u>Proportion June 30, 2020</u>	<u>Proportion June 30, 2021</u>	<u>Change- Increase (Decrease)</u>
Miscellaneous	.44128%	.44868%	.00740%
Safety	.07617%	.07949%	.00332%

As of June 30, 2021, 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	\$ 18,925,471
Safety	<u>5,296,208</u>
Total Net Pension Liability	24,221,679
Less: amount allocated to independent entities	(<u>821,576</u>)
Total	<u>\$ 23,400,103</u>

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 10: PENSION PLAN (CONTINUED)

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

For the year ended June 30, 2021, the County recognized pension expense of \$194,737. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 2,316,933	\$ -
Changes of assumptions	-	(152,626)
Difference between expected and actual experience	1,385,980	-
Difference between projected and actual earnings on pension plan investments	677,320	-
Difference between County contributions and proportionate share of contributions	-	(2,708,608)
Adjustment due to differences in proportions	542,493	(82,648)
Total	4,922,726	(2,943,882)
Less: amount allocated to independent entities	(175,247)	89,405
Total	\$ 4,747,479	(\$ 2,854,477)

\$2,316,933 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, 2022. 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 June 30			
2022		(\$	836,727)
2023		(29,690)
2024			201,000
2025			327,328
Total		(\$	338,089)

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Investment Rate of Return	7.15%
Inflation	2.50%
Salary Increases	Varies by entry-age and service
Mortality Rate Table	Derived using CalPERS' membership data for all funds
Post-Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 10: PENSION PLAN (CONTINUED)

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

Actuarial Assumptions (Continued)

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.

Long-Term Expected Rate of Return

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 and forecasted information for all of 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 return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 10: PENSION PLAN (CONTINUED)

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

Long-Term Expected Rate of Return (Continued)

<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%	1.81%
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</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Miscellaneous	\$ 27,429,001	\$ 18,925,471	\$ 11,899,271
Safety	8,205,057	5,296,208	2,909,223

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 11: 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.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 11: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

A. General Information about the OPEB Plan (Continued)

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 retire directly from the County having completed at least 20 years of County service. 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.

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.

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 2020 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.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 11: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

A. General Information about the OPEB Plan (Continued)

Benefits Provided (Continued)

Composite: Active or Retiree	EPO	Gold	HSA	Silver
Employee only	\$ 1,096.04	\$ 925.70	\$ 780.86	\$ 680.90
Employee +1	2,178.74	1,837.44	1,546.40	1,345.40
Employee + Family	2,868.50	2,419.70	2,047.40	1,782.20

Medical Only: Active or Retiree	EPO	Gold	HSA	Silver
Employee only	\$ 1,037.34	\$ 867.00	\$ 722.16	\$ 622.20
Employee +1	2,077.74	1,736.04	1,448.40	1,244.40
Employee + Family	2,703.00	2,254.70	1,881.90	1,616.70

Plan Members Covered By Benefit Terms

At June 30, 2021 the following plan members were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	7
Active plan members	<u>102</u>
Total	<u>109</u>

B. Net OPEB Liability

The County's net OPEB liability of \$1,778,046 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2020.

Actuarial Assumptions and Other Inputs

The net OPEB liability in the June 30, 2019 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, 2019
Measurement Date	Last day of the prior fiscal year (June 30, 2020)
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Not Applicable (\$0; no OPEB trust has been established)
Municipal Bond Index	S&P Municipal Bond 20 year High Grade Index
Discount rate	2.66%
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in the valuation.
Salary Increase	3.00% per year. Since benefits do not depend on pay, this is used only to allocate the cost of benefits between service years.
General Inflation Rate	2.50% per year
Mortality Improvement	MacLeod Watts Scale 2020 applied generationally from 2015.
Healthcare cost trend rates	5.40% for 2021, decreasing .1% per year to an ultimate rate of 4.0% for 2076 and later years

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 11: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

B. Net OPEB Liability (Continued)

Actuarial Assumptions and Other Inputs (Continued)

Demographic actuarial assumptions used in this valuation are those published in the 2017 Experience Study of the California Public Employees Retirement System using data from 1997 to 2015, and applicable to the County's employees and retirees, except projection of future mortality improvement.

C. Changes in the Net OPEB Liability

	<u>Net OPEB Liability</u>
Balance at Fiscal Year Ending June 30, 2020	\$ <u>1,768,524</u>
Changes during the period:	
Service cost	111,860
Interest cost	50,113
Changes of assumptions	15,973
Benefit payments	(168,424)
Net changes	<u>9,522</u>
Balance at Fiscal Year Ending June 30, 2021	\$ <u>1,778,046</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.79 percent to 2.66 percent.

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 or 1-percentage point higher than the current discount rate:

	1% Decrease 1.66%	Current Rate 2.66%	1% Increase 3.66%
Net OPEB liability	\$ 1,905,376	\$ 1,778,046	\$ 1,658,481

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 or 1-percentage point higher than the current healthcare cost trend rates:

	Current Trend -1%	Current Trend	Current Trend +1%
Net OPEB Liability	\$ 1,634,097	\$ 1,778,046	\$ 1,944,425

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 11: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

For the year ended June 30, 2021, the County recognized OPEB expense of \$145,531. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 28,950	(\$ 160,285)
Contributions made subsequent to the measurement date	185,498	-
Difference between expected and actual experience	<u>-</u>	<u>(16,431)</u>
Total	<u>\$ 214,448</u>	<u>(\$ 176,716)</u>

\$185,498 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 June 30</u>	
2022	(\$ 16,442)
2023	(16,442)
2024	(16,442)
2025	(16,442)
2026	(16,442)
Thereafter	<u>(65,556)</u>
	<u>(\$ 147,766)</u>

NOTE 12: 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.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 13: 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 Public Risk Innovation, Solutions, and Management (PRISM). PRISM, along with other commercial carriers, increases the coverage for general liability to \$25 million. Also, PRISM, 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 2020/2021.

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 \$69,566 (net) is included in the General fund as prepaid costs/accrued claims liability.

Changes in the County's claims liability amount for the fiscal years 2019, 2020 and 2021 were as follows:

	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims</u>	<u>Claims Payments and Changes In Estimates</u>	<u>Balance at End of Fiscal Year</u>
2019	\$ 1,120,612	\$ 274,764	\$ 114,049	\$ 1,509,425
2020	1,509,425	1,218,386	(719,882)	2,007,929
2021	2,007,929	286,953	(395,828)	1,899,054

NOTE 14: 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, 2021 through November 16, 2021, the date on which the financial statements were available for issuance. Management has determined no other subsequent events requiring disclosure have occurred.

**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, 2021
Last 10 Years*

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

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

2017/2018	2018/2019	2019/2020
0.41358%	0.44128%	0.44868%
\$ 15,586,488	\$ 17,671,040	\$ 18,925,471
5,456,647	5,781,297	6,339,886
285.64%	305.66%	298.51%
72.41%	71.45%	70.38%
0.07387%	0.07617%	0.07949%
\$ 4,334,167	\$ 4,755,111	\$ 5,296,208
923,756	904,302	881,589
469.19%	525.83%	600.76%
76.98%	76.57%	75.27%

COUNTY OF SIERRA
Required Supplementary Information
County Pension Plan
Schedule of Contributions
For the Year Ended June 30, 2021
Last 10 Years*

Fiscal Year	<u>2014/2015</u>	<u>2015/2016</u>	<u>2016/2017**</u>	<u>2017/2018**</u>
Miscellaneous				
Contractually required contributions (actuarially determined)	\$ 1,575,804	\$ 484,762	\$ 1,160,151	\$ 1,109,258
Contributions in relation to the actuarially determined contributions	<u>(1,575,804)</u>	<u>(1,034,728)</u>	<u>(1,160,151)</u>	<u>(1,109,258)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (549,966)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,556,607	\$ 4,801,525	\$ 5,107,528	\$ 5,456,647
Contributions as a percentage of covered payroll	34.58%	21.55%	22.71%	20.33%
Safety				
Contractually required contributions (actuarially determined)	\$ 372,624	\$ 191,574	\$ 422,767	\$ 376,396
Contributions in relation to the actuarially determined contributions	<u>(372,624)</u>	<u>(419,022)</u>	<u>(422,767)</u>	<u>(376,396)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (227,448)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 987,941	\$ 964,745	\$ 1,051,179	\$ 923,756
Contributions as a percentage of covered payroll	37.72%	43.43%	40.22%	40.75%

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

** Updated information.

<u>2018/2019**</u>	<u>2019/2020**</u>	<u>2020/2021</u>
\$ 1,476,955	\$ 1,712,439	\$ 2,189,003
<u>(1,476,955)</u>	<u>(1,712,439)</u>	<u>(2,189,003)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,781,297 25.55%	\$ 6,339,886 27.01%	\$ 6,761,490 32.37%
\$ 351,547	\$ 410,892	\$ 127,930
<u>(351,547)</u>	<u>(410,892)</u>	<u>(127,930)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 904,302 38.87%	\$ 881,589 46.61%	\$ 880,909 14.52%

COUNTY OF SIERRA
Required Supplementary Information
County Pension Plan
Notes to County Pension Plan
For the Year Ended June 30, 2021

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

Summary of Changes of Benefits or Assumptions

Benefit Changes: None

Changes of Assumptions: None

NOTE 2: SCHEDULE OF CONTRIBUTIONS

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

Valuation Date	June 30, 2018
Actuarial cost method	Individual Entry Age Normal
Amortization method	Level Percentage of Payroll and Direct Rate Smoothing
Remaining amortization period	Differs by employer rate plan but no more than 30 years
Asset valuation method	Fair value
Discount rate	7.00%
Payroll Growth	2.75%
Inflation	2.50%
Salary increases	Varies based on entry age and service
Investment rate of return	7.00%

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, 2021
Last 10 Years*

Fiscal Year	2017/2018	2018/2019	2019/2020	2020/2021
Net OPEB Liability				
Service cost	\$ 121,029	\$ 116,005	\$ 122,791	\$ 111,860
Interest	53,961	60,819	58,641	50,113
Differences between expected and actual experience	(1)	-	(19,733)	-
Changes of assumptions	(58,612)	20,026	(148,883)	15,973
Benefit payments	(184,302)	(179,123)	(178,668)	(168,424)
Net Change in Net OPEB Liability	(67,925)	17,727	(165,852)	9,522
Net OPEB Liability - Beginning	1,984,574	1,916,649	1,934,376	1,768,524
Net OPEB Liability - Ending (a)	<u>\$ 1,916,649</u>	<u>\$ 1,934,376</u>	<u>\$ 1,768,524</u>	<u>\$ 1,778,046</u>
Covered-employee payroll	\$ 5,912,691	\$ 5,949,898	\$ 6,408,023	\$ 6,939,137
Net OPEB liability as a percentage of covered-employee payroll	32.42%	32.51%	27.60%	25.62%

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

COUNTY OF SIERRA
Required Supplementary Information
County OPEB Plan
Note to County OPEB Plan
For the Year Ended June 30, 2021

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

Changes of Assumptions

The discount rate was changed from 2.79 percent as of the June 30, 2019 measurement date to 2.66 percent as of the June 30, 2020 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, 2021

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and assessments	\$ 4,193,347	\$ 4,193,347	\$ 4,368,402	\$ 175,055
Licenses, permits, and franchises	164,300	164,300	93,138	(71,162)
Fines and forfeitures	51,000	51,000	22,417	(28,583)
Intergovernmental	2,028,978	2,100,542	1,446,938	(653,604)
Use of money and property	102,550	102,550	200,288	97,738
Charges for services	1,751,624	1,751,624	1,761,987	10,363
Other revenues	282,184	282,184	237,503	(44,681)
Total Revenues	8,573,983	8,645,547	8,130,673	(514,874)
EXPENDITURES				
Current:				
General government	4,551,582	4,371,124	3,129,355	1,241,769
Public protection	5,569,525	5,521,480	4,952,148	569,332
Health and welfare	9,393	9,363	231	9,132
Public assistance	95,261	122,037	111,301	10,736
Education	58,297	57,597	42,920	14,677
Culture and recreation	448,842	448,842	360,745	88,097
Public ways and facilities	622,367	622,367	74,111	548,256
Debt service:				
Principal	22,737	22,737	-	22,737
Total Expenditures	11,378,004	11,175,547	8,670,811	2,504,736
Excess of Revenues Over (Under) Expenditures	(2,804,021)	(2,530,000)	(540,138)	1,989,862
OTHER FINANCING SOURCES (USES)				
Transfers in	1,704,960	1,704,960	2,254,167	549,207
Transfers out	(113,817)	(397,808)	(582,464)	(184,656)
Total Other Financing Sources (Uses)	1,591,143	1,307,152	1,671,703	364,551
Net Change in Fund Balances	(1,212,878)	(1,222,848)	1,131,565	2,354,413
Fund Balances - Beginning	852,992	852,992	852,992	-
Fund Balances - Ending	\$ (359,886)	\$ (369,856)	\$ 1,984,557	\$ 2,354,413

COUNTY OF SIERRA
Required Supplementary Information
Budgetary Comparison Schedule
Road - Major Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Licenses, permits, and franchises	\$ -	\$ -	\$ 4,943	\$ 4,943
Intergovernmental	4,150,384	4,164,384	3,951,239	(213,145)
Use of money and property	-	-	1,074	1,074
Charges for services	350,000	350,000	669,934	319,934
Other revenues	5,000	5,000	5,459	459
Total Revenues	4,505,384	4,519,384	4,632,649	113,265
EXPENDITURES				
Current:				
Public ways and facilities	5,037,764	5,051,764	4,802,065	249,699
Debt service:				
Principal	1,999	1,226	-	1,226
Interest and other charges	-	61	-	61
Capital outlay	-	-	195,356	(195,356)
Total Expenditures	5,039,763	5,053,051	4,997,421	55,630
Excess of Revenues Over (Under) Expenditures	(534,379)	(533,667)	(364,772)	168,895
OTHER FINANCING SOURCES (USES)				
Transfers in	9,163	9,163	186,014	176,851
Transfers out	(155,759)	(155,759)	(163,341)	(7,582)
Total Other Financing Sources (Uses)	(146,596)	(146,596)	22,673	169,269
Net Change in Fund Balances	(680,975)	(680,263)	(342,099)	338,164
Fund Balances - Beginning	35,215	35,215	35,215	-
Cumulative effect of a change in accounting principle	-	-	20,000	20,000
Fund Balances - Beginning, Restated	35,215	35,215	55,215	20,000
Fund Balances - Ending	\$ (645,760)	\$ (645,048)	\$ (286,884)	\$ 358,164

COUNTY OF SIERRA
Required Supplementary Information
Budgetary Comparison Schedule
Human Services - Major Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 2,648,783	\$ 2,766,589	\$ 3,518,613	\$ 752,024
Use of money	4,000	4,000	6,628	2,628
Charges for services	-	-	1,604	1,604
Other revenues	6,000	6,000	161,245	155,245
Total Revenues	<u>2,658,783</u>	<u>2,776,589</u>	<u>3,688,090</u>	<u>911,501</u>
EXPENDITURES				
Current:				
Health and welfare	85,317	85,317	-	85,317
Public assistance	2,739,226	2,847,079	2,589,380	257,699
Capital outlay	-	-	28,452	(28,452)
Total Expenditures	<u>2,824,543</u>	<u>2,932,396</u>	<u>2,617,832</u>	<u>343,016</u>
Excess of Revenues Over (Under) Expenditures	<u>(165,760)</u>	<u>(155,807)</u>	<u>1,070,258</u>	<u>1,254,517</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	48,618	48,618	178,147	129,529
Transfers out	(217,202)	(217,202)	(152,844)	64,358
Total Other Financing Sources (Uses)	<u>(168,584)</u>	<u>(168,584)</u>	<u>25,303</u>	<u>193,887</u>
Net Change in Fund Balances	<u>(334,344)</u>	<u>(324,391)</u>	<u>1,095,561</u>	<u>1,448,404</u>
Fund Balances - Beginning	<u>6,737,292</u>	<u>6,737,292</u>	<u>6,737,292</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 6,402,948</u>	<u>\$ 6,412,901</u>	<u>\$ 7,832,853</u>	<u>\$ 1,448,404</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, 2021

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 4,897,240	\$ 5,199,883	\$ 5,189,018	\$ (10,865)
Use of money	-	-	118,591	118,591
Charges for services	89,500	94,000	105,610	11,610
Other revenues	9,000	9,000	16,983	7,983
Total Revenues	<u>4,995,740</u>	<u>5,302,883</u>	<u>5,430,202</u>	<u>127,319</u>
EXPENDITURES				
Current:				
Health and welfare	5,552,593	5,855,236	4,828,878	1,026,358
Capital outlay	24,738	24,738	47,300	(22,562)
Total Expenditures	<u>5,577,331</u>	<u>5,879,974</u>	<u>4,876,178</u>	<u>1,003,796</u>
Excess of Revenues Over (Under) Expenditures	<u>(581,591)</u>	<u>(577,091)</u>	<u>554,024</u>	<u>1,131,115</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	150,306	147,910	85,184	(62,726)
Transfers out	(147,910)	(147,463)	(284,649)	(137,186)
Total Other Financing Sources (Uses)	<u>2,396</u>	<u>447</u>	<u>(199,465)</u>	<u>(199,912)</u>
Net Change in Fund Balances	<u>(579,195)</u>	<u>(576,644)</u>	<u>354,559</u>	<u>931,203</u>
Fund Balances - Beginning	<u>8,692,929</u>	<u>8,692,929</u>	<u>8,692,929</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 8,113,734</u>	<u>\$ 8,116,285</u>	<u>\$ 9,047,488</u>	<u>\$ 931,203</u>

COUNTY OF SIERRA
Required Supplementary Information
Note to Budgetary Comparison Schedules
For the Year Ended June 30, 2021

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.

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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, 2021

	Special Revenue	Debt Service	Totals
ASSETS			
Cash and investments	\$ 2,109,816	\$ 5,062	\$ 2,114,878
Receivables:			
Accounts	-	57,408	57,408
Taxes	1,442	-	1,442
Intergovernmental	130,894	-	130,894
Deposits	-	775	775
Due from other funds	345,683	-	345,683
	\$ 2,587,835	\$ 63,245	\$ 2,651,080
LIABILITIES			
Accounts payable	\$ 23,585	\$ -	\$ 23,585
Due to other funds	37,332	-	37,332
	60,917	-	60,917
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	20,276	-	20,276
	20,276	-	20,276
FUND BALANCES			
Restricted	2,544,954	63,245	2,608,199
Unassigned	(38,312)	-	(38,312)
	2,506,642	63,245	2,569,887
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,587,835	\$ 63,245	\$ 2,651,080

COUNTY OF SIERRA
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue	Debt Service	Totals
REVENUES			
Taxes and assessments	\$ 75,111	\$ -	\$ 75,111
Fines and forfeitures	60,589	-	60,589
Intergovernmental	2,549,323	-	2,549,323
Use of money and property	971	-	971
Charges for services	370,428	-	370,428
Other revenues	34,044	28,358	62,402
Total Revenues	3,090,466	28,358	3,118,824
EXPENDITURES			
Current:			
General government	417,159	-	417,159
Public protection	170,874	-	170,874
Public ways and facilities	61,419	-	61,419
Debt service:			
Principal	-	584,000	584,000
Interest and other charges	-	48,793	48,793
Total Expenditures	649,452	632,793	1,282,245
Excess of Revenues Over (Under) Expenditures	2,441,014	(604,435)	1,836,579
OTHER FINANCING SOURCES (USES)			
Transfers in	217,318	604,448	821,766
Transfers out	(2,190,263)	(85,758)	(2,276,021)
Total Other Financing Sources (Uses)	(1,972,945)	518,690	(1,454,255)
Net Change in Fund Balances	468,069	(85,745)	382,324
Fund Balances - Beginning	1,971,070	148,990	2,120,060
Cumulative effect of a change in accounting principle	67,503	-	67,503
Fund Balances - Beginning, Restated	2,038,573	148,990	2,187,563
Fund Balances - Ending	\$ 2,506,642	\$ 63,245	\$ 2,569,887

Nonmajor Governmental Funds

- **Special Revenue Funds**

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COUNTY OF SIERRA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2021

	Fish and Game	Aviation	Predator Control	Clerk Recorder	Court Fines
ASSETS					
Cash and investments	\$ 5,716	\$ -	\$ 659	\$ 90,874	\$ 55,494
Receivables:					
Taxes	-	-	-	-	-
Intergovernmental	-	10,000	-	-	-
Due from other funds	-	-	-	-	-
Total Assets	\$ 5,716	\$ 10,000	\$ 659	\$ 90,874	\$ 55,494
LIABILITIES					
Accounts payable	\$ -	\$ 120	\$ -	\$ 17,133	\$ -
Due to other funds	-	37,332	-	-	-
Total Liabilities	-	37,452	-	17,133	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	10,000	-	-	-
Total Deferred Inflows of Resources	-	10,000	-	-	-
FUND BALANCES					
Restricted	5,716	-	659	73,741	55,494
Unassigned	-	(37,452)	-	-	-
Total Fund Balances	5,716	(37,452)	659	73,741	55,494
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,716	\$ 10,000	\$ 659	\$ 90,874	\$ 55,494

Law Enforcement	Board of Supervisors	Fire Safe	Tax Related Costs Trust	Office of Emergency Services	Special Districts Under the Board	Totals
\$ 1,408,705	\$ 104,241	\$ 147,917	\$ 34,241	\$ 187,190	\$ 74,779	\$ 2,109,816
-	-	-	-	-	1,442	1,442
105,538	-	-	-	15,356	-	130,894
-	345,683	-	-	-	-	345,683
<u>\$ 1,514,243</u>	<u>\$ 449,924</u>	<u>\$ 147,917</u>	<u>\$ 34,241</u>	<u>\$ 202,546</u>	<u>\$ 76,221</u>	<u>\$ 2,587,835</u>
\$ 1,430	\$ -	\$ -	\$ 95	\$ 2,417	\$ 2,390	\$ 23,585
-	-	-	-	-	-	37,332
1,430	-	-	95	2,417	2,390	60,917
4,567	-	-	-	5,709	-	20,276
4,567	-	-	-	5,709	-	20,276
1,508,246	449,924	147,917	34,146	194,420	74,691	2,544,954
-	-	-	-	-	(860)	(38,312)
1,508,246	449,924	147,917	34,146	194,420	73,831	2,506,642
<u>\$ 1,514,243</u>	<u>\$ 449,924</u>	<u>\$ 147,917</u>	<u>\$ 34,241</u>	<u>\$ 202,546</u>	<u>\$ 76,221</u>	<u>\$ 2,587,835</u>

COUNTY OF SIERRA
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2021

	Fish and Game	Aviation	Predator Control	Clerk Recorder	Court Fines
REVENUES					
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	835	-	-	-	852
Intergovernmental	-	(137)	67	-	-
Use of money and property	-	-	-	-	-
Charges for services	-	-	-	360,715	-
Other revenues	-	-	-	1,771	-
Total Revenues	<u>835</u>	<u>(137)</u>	<u>67</u>	<u>362,486</u>	<u>852</u>
EXPENDITURES					
Current:					
General government	59	-	-	341,809	-
Public protection	-	-	31	-	-
Public ways and facilities	-	45,318	-	-	-
Total Expenditures	<u>59</u>	<u>45,318</u>	<u>31</u>	<u>341,809</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>776</u>	<u>(45,455)</u>	<u>36</u>	<u>20,677</u>	<u>852</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(6,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,000)</u>	<u>-</u>
Net Change in Fund Balances	<u>776</u>	<u>(45,455)</u>	<u>36</u>	<u>14,677</u>	<u>852</u>
Fund Balances - Beginning	4,940	8,003	623	59,064	54,642
Cumulative effect of a change in accounting principle	-	-	-	-	-
Fund Balances - Beginning, Restated	<u>4,940</u>	<u>8,003</u>	<u>623</u>	<u>59,064</u>	<u>54,642</u>
Fund Balances - Ending	<u>\$ 5,716</u>	<u>\$ (37,452)</u>	<u>\$ 659</u>	<u>\$ 73,741</u>	<u>\$ 55,494</u>

Law Enforcement	Board of Supervisors	Fire Safe	Tax Related Costs Trust	Office of Emergency Services	Special Districts Under the Board	Totals
\$ -	\$ -	\$ -	\$ 1,940	\$ -	\$ 73,171	\$ 75,111
46,150	12,752	-	-	-	-	60,589
1,781,120	618,213	21,071	-	128,989	-	2,549,323
97	861	-	-	-	13	971
-	-	-	9,713	-	-	370,428
26,170	1,500	-	4,083	-	520	34,044
<u>1,853,537</u>	<u>633,326</u>	<u>21,071</u>	<u>15,736</u>	<u>128,989</u>	<u>73,704</u>	<u>3,090,466</u>
-	-	-	8,709	-	66,582	417,159
100,811	-	4,351	-	65,681	-	170,874
-	16,101	-	-	-	-	61,419
<u>100,811</u>	<u>16,101</u>	<u>4,351</u>	<u>8,709</u>	<u>65,681</u>	<u>66,582</u>	<u>649,452</u>
<u>1,752,726</u>	<u>617,225</u>	<u>16,720</u>	<u>7,027</u>	<u>63,308</u>	<u>7,122</u>	<u>2,441,014</u>
45,636	20,000	-	-	-	151,682	217,318
(1,854,432)	(326,370)	-	-	-	(3,461)	(2,190,263)
<u>(1,808,796)</u>	<u>(306,370)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>148,221</u>	<u>(1,972,945)</u>
<u>(56,070)</u>	<u>310,855</u>	<u>16,720</u>	<u>7,027</u>	<u>63,308</u>	<u>155,343</u>	<u>468,069</u>
1,555,023	80,859	131,197	27,119	131,112	(81,512)	1,971,070
9,293	58,210	-	-	-	-	67,503
<u>1,564,316</u>	<u>139,069</u>	<u>131,197</u>	<u>27,119</u>	<u>131,112</u>	<u>(81,512)</u>	<u>2,038,573</u>
<u>\$ 1,508,246</u>	<u>\$ 449,924</u>	<u>\$ 147,917</u>	<u>\$ 34,146</u>	<u>\$ 194,420</u>	<u>\$ 73,831</u>	<u>\$ 2,506,642</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, 2021

	Debt Service	Sierra Brooks Water	Totals
ASSETS			
Cash and investments	\$ 5,062	\$ -	\$ 5,062
Receivables:			
Accounts	57,408	-	57,408
Deposits	775	-	775
Total Assets	\$ 63,245	\$ -	\$ 63,245
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Total Liabilities	-	-	-
FUND BALANCES			
Restricted	63,245	-	63,245
Total Fund Balances	63,245	-	63,245
Total Liabilities and Fund Balances	\$ 63,245	\$ -	\$ 63,245

COUNTY OF SIERRA
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended June 30, 2021

	Debt Service	Sierra Brooks Water	Totals
REVENUES			
Taxes and assessments	\$ -	\$ -	\$ -
Other revenues	28,358	-	28,358
Total Revenues	28,358	-	28,358
EXPENDITURES			
Debt service:			
Principal	584,000	-	584,000
Interest and other charges	48,793	-	48,793
Total Expenditures	632,793	-	632,793
Excess of Revenues Over (Under) Expenditures	(604,435)	-	(604,435)
OTHER FINANCING SOURCES (USES)			
Transfers in	604,448	-	604,448
Transfers out	-	(85,758)	(85,758)
Total Other Financing Sources (Uses)	604,448	(85,758)	518,690
Net Change in Fund Balances	13	(85,758)	(85,745)
Fund Balances - Beginning	63,232	85,758	148,990
Fund Balances - Ending	\$ 63,245	\$ -	\$ 63,245

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, 2021

	<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	\$ -	\$ 63,659	\$ -	\$ 8,655
Receivables:				
Taxes	244	529	346	30
Total Assets	<u>\$ 244</u>	<u>\$ 64,188</u>	<u>\$ 346</u>	<u>\$ 8,685</u>
LIABILITIES				
Accounts payable	\$ 360	\$ 19	\$ 1,090	\$ 42
Total Liabilities	<u>360</u>	<u>19</u>	<u>1,090</u>	<u>42</u>
FUND BALANCES				
Restricted	-	64,169	-	8,643
Unassigned	(116)	-	(744)	-
Total Fund Balances	<u>(116)</u>	<u>64,169</u>	<u>(744)</u>	<u>8,643</u>
Total Liabilities and Fund Balances	<u>\$ 244</u>	<u>\$ 64,188</u>	<u>\$ 346</u>	<u>\$ 8,685</u>

Co. Service Area #5	Sierra Brooks Water	Verdi Fire Zone	Totals
\$ 2,049	\$ -	\$ 416	\$ 74,779
293	-	-	1,442
<u>\$ 2,342</u>	<u>\$ -</u>	<u>\$ 416</u>	<u>\$ 76,221</u>
\$ 879	\$ -	\$ -	\$ 2,390
879	-	-	2,390
1,463	-	416	74,691
-	-	-	(860)
1,463	-	416	73,831
<u>\$ 2,342</u>	<u>\$ -</u>	<u>\$ 416</u>	<u>\$ 76,221</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, 2021

	<u>Co. Service Area #1</u>	<u>Co. Service Area #2</u>	<u>Co. Service Area #3</u>	<u>Co. Service Area #4</u>
REVENUES				
Taxes and assessments	\$ 10,946	\$ 30,082	\$ 16,958	\$ 2,060
Use of money and property	-	-	-	-
Other revenues	-	-	-	-
Total Revenues	<u>10,946</u>	<u>30,082</u>	<u>16,958</u>	<u>2,060</u>
EXPENDITURES				
Current:				
General government	<u>17,271</u>	<u>16,012</u>	<u>16,369</u>	<u>1,137</u>
Total Expenditures	<u>17,271</u>	<u>16,012</u>	<u>16,369</u>	<u>1,137</u>
Excess of Revenues Over (Under) Expenditures	<u>(6,325)</u>	<u>14,070</u>	<u>589</u>	<u>923</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	6,336	-	105	-
Transfers out	<u>(98)</u>	<u>(2,032)</u>	<u>(1,259)</u>	<u>(57)</u>
Total Other Financing Sources (Uses)	<u>6,238</u>	<u>(2,032)</u>	<u>(1,154)</u>	<u>(57)</u>
Net Change in Fund Balances	(87)	12,038	(565)	866
Fund Balances - Beginning	<u>(29)</u>	<u>52,131</u>	<u>(179)</u>	<u>7,777</u>
Fund Balances - Ending	<u>\$ (116)</u>	<u>\$ 64,169</u>	<u>\$ (744)</u>	<u>\$ 8,643</u>

Co. Service Area #5	Sierra Brooks Water	Verdi Fire Zone	Totals
\$ 13,125	\$ -	\$ -	\$ 73,171
-	-	13	13
520	-	-	520
<u>13,645</u>	<u>-</u>	<u>13</u>	<u>73,704</u>
15,793	-	-	66,582
<u>15,793</u>	<u>-</u>	<u>-</u>	<u>66,582</u>
(2,148)	-	13	7,122
-	145,241	-	151,682
(15)	-	-	(3,461)
<u>(15)</u>	<u>145,241</u>	<u>-</u>	<u>148,221</u>
(2,163)	145,241	13	155,343
<u>3,626</u>	<u>(145,241)</u>	<u>403</u>	<u>(81,512)</u>
<u>\$ 1,463</u>	<u>\$ -</u>	<u>\$ 416</u>	<u>\$ 73,831</u>

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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, 2021

	Transit	Total
ASSETS		
Current Assets:		
Receivables:		
Intergovernmental	\$ 48,000	\$ 48,000
Total Current Assets	48,000	48,000
Noncurrent Assets:		
Capital Assets :		
Depreciable, net	90,254	90,254
Total Noncurrent Assets	90,254	90,254
Total Assets	138,254	138,254
LIABILITIES		
Current Liabilities:		
Due to other funds	72,423	72,423
Total Current Liabilities	72,423	72,423
Total Liabilities	72,423	72,423
NET POSITION		
Investment in capital assets	90,254	90,254
Unrestricted	(24,423)	(24,423)
Total Net Position	\$ 65,831	\$ 65,831

COUNTY OF SIERRA
Combining Statement of Revenues, Expenses and
Changes in Net Position
Nonmajor Proprietary Fund
For the Year Ended June 30, 2021

	Transit	Total
OPERATING REVENUES		
Passenger fares	\$ 16,781	\$ 16,781
Total Operating Revenues	16,781	16,781
OPERATING EXPENSES		
Purchased transportation	124,781	124,781
Administration	4,105	4,105
Depreciation	47,248	47,248
Total Operating Expenses	176,134	176,134
Operating Income (Loss)	(159,353)	(159,353)
NON-OPERATING REVENUES (EXPENSES)		
Intergovernmental	90,180	90,180
Interest income	(2,498)	(2,498)
Loss on disposal of capital assets	(3,000)	(3,000)
Total Non-Operating Revenues (Expenses)	84,682	84,682
Change in Net Position	(74,671)	(74,671)
Total Net Position - Beginning	140,502	140,502
Total Net Position - Ending	\$ 65,831	\$ 65,831

COUNTY OF SIERRA
Combining Statement of Cash Flows
Nonmajor Proprietary Fund
For the Year Ended June 30, 2021

	Transit	Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 16,781	\$ 16,781
Payments to suppliers	(128,886)	(128,886)
Net Cash Provided (Used) by Operating Activities	(112,105)	(112,105)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Intergovernmental revenue received	78,500	78,500
Interfund loans received	72,423	72,423
Interfund loans repaid	(36,320)	(36,320)
Net Cash Provided (Used) by Noncapital Financing Activities	114,603	114,603
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	(2,498)	(2,498)
Net Cash Provided (Used) by Investing Activities	(2,498)	(2,498)
Net Increase (Decrease) in Cash and Cash Equivalents	-	-
Balance - Beginning	-	-
Balance - Ending	\$ -	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (159,353)	\$ (159,353)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	47,248	47,248
Net Cash Provided (Used) by Operating Activities	\$ (112,105)	\$ (112,105)

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