

**COUNTY OF SIERRA,
CALIFORNIA**



**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2022**

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COUNTY OF SIERRA
Annual Financial Report
For the Year Ended June 30, 2022

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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, 2022

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 Audit of the Financial Statements**Opinions**

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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, County Pension Plan, County OPEB Plan, and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 obtain 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.

Supplementary 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 accompanying combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

Other Information

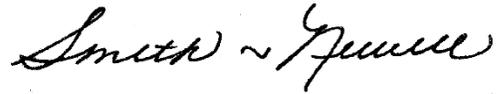
Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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 January 3, 2023, 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
January 3, 2023

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

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**Sierra County
Management's Discussion and Analysis
For the Year Ended June 30, 2022**

**Prepared By: Van Maddox, County Auditor/Treasurer-Tax Collector/
Risk Manager/Budget Officer**

As management of Sierra County, we offer readers of the County of Sierra's financial statement this narrative overview and analysis of the financial activities of Sierra County for the fiscal year ended June 30, 2022.

Financial Highlights

- ❖ The County of Sierra's assets exceeded its liabilities at the close of the most recent fiscal year by \$11,374,954 (net position). Of this amount, (\$27,768,671) (negative unrestricted net position) was available to meet the County's ongoing obligations to citizens and creditors.

The County's total net position decreased by (\$3,195,669). The primary causes for the decrease resulted from an increase in expenditures related to the payment of the County's unfunded actuarial pension liability.

- ❖ At the close of the current fiscal year, the County's combined (all Government funds) ending fund balance was \$20,081,593. This was a decrease of (\$1,066,308) in comparison with the prior year. Approximately 97% of this total amount, or \$19,389,742, 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 \$1,085,665.

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 significant portion of their costs through user fees, fines and charges for service. The governmental activities of the County include: General Government, Public Protection, Public Ways and Facilities (Transportation), Health and Sanitation, Public Assistance, Education, Recreation and Culture, and Debt Service and Contingencies.

**Sierra County
Management's Discussion and Analysis
For the Year Ended June 30, 2022**

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 14-16 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 statements of revenues, expenditures, and charges 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 forty-three 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 66) has been provided for the General fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17-20 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 both 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 21-24 of this report.

**Sierra County
Management's Discussion and Analysis
For the Year Ended June 30, 2022**

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic Fiduciary Fund financial statement can be found on pages 25 and 26 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 27-60 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 OPEB benefits to its employees. Required supplementary information can be found on pages 61-70 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 71-81 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 \$11,374,954 at the close of the 2021/2022 fiscal year.

By far the largest portion of the County's net position (154.90%) reflects its 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
For the Year Ended June 30, 2022**

County of Sierra's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Current & Other Assets	\$ 26,708,312	\$ 26,178,917	\$ 1,614,405	\$ 1,646,674	\$ 28,322,717	\$ 27,825,591
Capital assets	13,163,690	13,875,859	6,522,269	6,683,613	19,685,959	20,559,472
Total Assets	39,872,002	40,054,776	8,136,674	8,330,287	48,008,676	48,385,063
Deferred Outflows of Resources:						
Pension adjustments	22,754,580	4,719,115	270,619	28,364	23,025,199	4,747,479
OPEB adjustments	410,296	214,448	-	-	410,296	214,448
Total Deferred Outflows of Resources	23,164,876	4,933,563	270,619	28,364	23,435,495	4,961,927
Liabilities:						
Other Liabilities	3,984,544	3,842,049	74,211	71,172	4,058,755	3,913,221
Long-term liabilities	35,296,128	26,178,545	6,030,711	5,653,408	41,326,839	31,831,953
Total Liabilities	39,280,672	30,020,594	6,104,922	5,724,580	45,385,594	35,745,174
Deferred Inflows of Resources:						
Pension adjustments	14,347,380	2,840,007	179,210	14,470	14,526,590	2,854,477
OPEB adjustments	157,033	176,716	-	-	157,033	176,716
Total Deferred Inflows of Resources	14,504,413	3,016,723	179,210	14,470	14,683,623	3,031,193
Net Position:						
Net Investment in Capital Assets	13,101,873	13,875,859	4,518,024	4,641,068	17,619,897	18,516,927
Restricted	21,523,728	19,713,736	-	-	21,523,728	19,713,736
Unrestricted	(25,373,808)	(21,638,573)	(2,394,863)	(2,021,467)	(27,768,671)	(23,660,040)
Total Net Position	\$ 9,251,793	\$ 11,951,022	\$ 2,123,161	\$ 2,619,601	\$ 11,374,954	\$ 14,570,623

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

The County's total net position decreased by (\$3,195,669). The primary cause for the decrease resulted from the increase in pension liability. This pension liability will be paid over many years (see note to the financial statements on pension liability).

**Sierra County
Management's Discussion and Analysis
For the Year Ended June 30, 2022**

Governmental Activities. Governmental activities decreased the County's net position by (\$2,699,229). Key elements of this decrease are as follows:

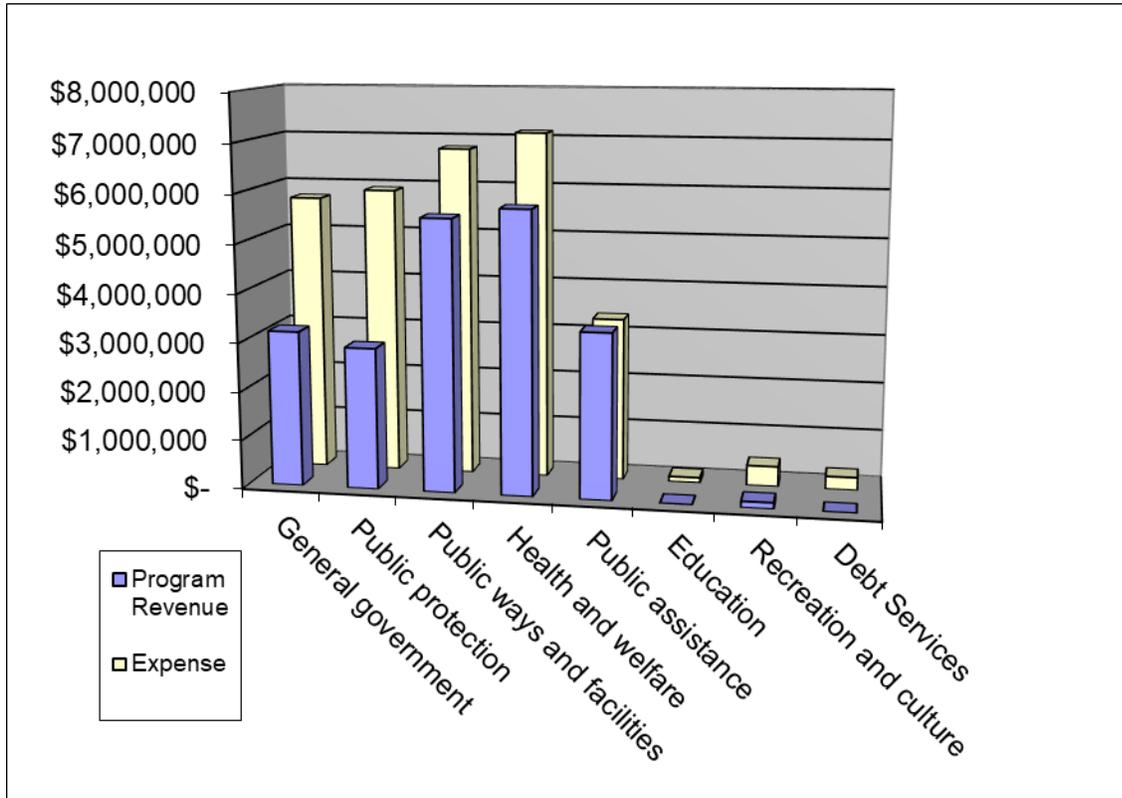
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues:						
Charges for Services	\$ 3,307,363	\$ 3,083,278	\$ 1,046,330	\$ 1,048,460	\$ 4,353,693	\$ 4,131,738
Operating Grants & Contributions	16,929,863	14,309,842	281,964	122,988	17,211,827	14,432,830
Capital Grants	684,665	2,430,953	2,821	1,279,780	687,486	3,710,733
General Revenues:						
Property Taxes	4,002,525	3,714,650	173,501	491,831	4,176,026	4,206,481
Sales & Use Taxes	622,300	196,419	-	-	622,300	196,419
Other revenues	1,156,700	999,322	200	(3,000)	1,156,900	996,322
Unrestricted Interest	229,220	327,552	15,246	26,836	244,466	354,388
Total revenues	26,932,636	25,062,016	1,520,062	2,966,895	28,452,698	28,028,911
Expenditures						
General Government	5,710,750	3,616,480	-	-	5,710,750	3,616,480
Public Protection	5,897,659	5,898,297	-	-	5,897,659	5,898,297
Health & Welfare	7,122,589	4,859,525	-	-	7,122,589	4,859,525
Public Assistance	3,351,580	2,629,920	-	-	3,351,580	2,629,920
Education	105,271	94,600	-	-	105,271	94,600
Recreation & Cultural Services	412,734	359,375	-	-	412,734	359,375
Public Ways & Facilities	6,776,469	5,997,808	-	-	6,776,469	5,997,808
Interest on Long-Term Debt	262,340	48,793	-	-	262,340	48,793
Solid Waste	-	-	1,265,483	1,104,920	1,265,483	1,104,920
Sierra Brooks Water	-	-	541,602	367,420	541,602	-
Transit	-	-	201,890	176,134	201,890	176,134
Total Expenses	29,639,392	23,504,798	2,008,975	1,648,474	31,648,367	24,785,852
Excess (Deficiency) Over Expenses	(2,706,756)	1,557,218	(488,913)	1,318,421	(3,195,669)	3,243,059
Transfers	7,527	65,959	(7,527)	(65,959)	-	-
Change in Net Position	(2,699,229)	1,623,177	(496,440)	1,252,462	(3,195,669)	3,243,059
Net Position - Prior Year	11,951,022	11,704,609	2,619,601	(97,128)	14,570,623	11,607,481
Prior period adjustment	-	(1,376,764)	-	1,464,267	-	87,503
Net Position - Current Year	\$ 9,251,793	\$ 11,951,022	\$ 2,123,161	\$ 2,619,601	\$ 11,374,954	\$ 14,938,043

❖ Property taxes increased by \$287,875 (7.7%) during the year. Sales tax increased by \$425,881.

❖ Capital grants are down primarily from decreases in State programs and road and park projects.

**Sierra County
Management's Discussion and Analysis
For the Year Ended June 30, 2022**

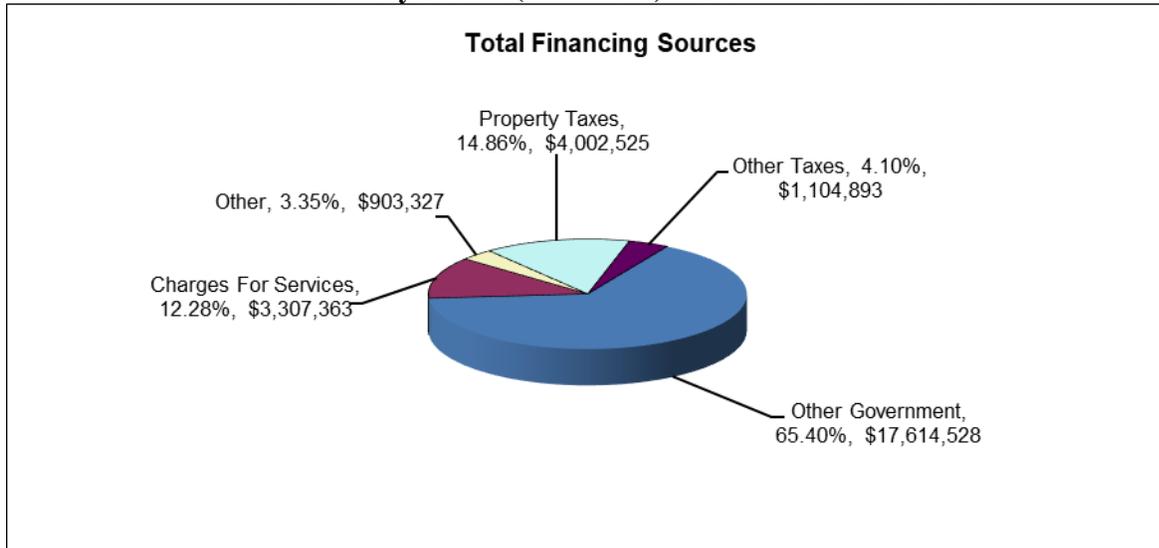
Expenses and Program Revenues – Governmental Activities



	Program Revenues	Expenses
General government	\$ 3,187,524	\$ 5,710,750
Public protection	2,900,265	5,897,659
Public ways and facilities	5,552,645	6,776,469
Health and welfare	5,768,381	7,122,589
Public assistance	3,383,671	3,351,580
Education	2,478	105,271
Recreation and culture	126,927	412,734
Debt Services	-	262,340

**Sierra County
Management’s Discussion and Analysis
For the Year Ended June 30, 2022**

Revenues by Source (in millions) – Governmental Activities



The largest portion of revenue received by the County comes from Federal and State sources (approximately 65.40%). The second largest source comes from taxes (14.86%). However, it should be noted that of every \$1.00 collected in property tax approximately 34% benefits schools, with 53% going towards 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, the 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.

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, unreserved 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 \$20,081,593, which is available for spending ongoing operations, a decrease of (\$1,066,308) from the prior year. Approximately (3%) of this total amount, (\$527,689), constitutes unassigned fund balance. \$691,851 is reported as nonspendable fund balance, which is not available for ongoing operations. The remaining fund balance of \$19,917,431 is restricted to indicate that it is available for specific programs and projects. Most of the restrictions are imposed for other governments, which are the source of the funding and are available to fund ongoing programs and projects in the special funds below.

**Sierra County
Management's Discussion and Analysis
For the Year Ended June 30, 2022**

The General fund is the general operating fund of the County of Sierra. The General fund balance decreased by (\$300,945) during the 2021/22 fiscal year. This was caused by operating expenditures exceeding revenues. 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 5.4% of total General fund expenditures, while total governmental funds' unassigned fund balance represents (1.2%) of all governmental funds' fund balances.

At the end of the current fiscal year, the Road Fund had a fund balance of (\$1,508,243), while nonspendable fund balance was \$93,904, 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 the combination of funds injected from the General fund and additional billings to other government agencies.

At the end of the current fiscal year, the Human Services fund had a balance of \$8,732,484.

At the end of the current fiscal year, the Public Health and Drug Programs fund had a balance of \$8,023,599.

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 (\$2,394,863). The deficit in the Solid Waste is due for the full negative balance in the enterprise funds. The deficit is due to the closure and postclosure costs that are projected in future years but must be accounted for in the year incurred.

General Fund Budgetary Highlights

The County has experienced a gradual increase in revenues starting with 2015 to 2020. Starting with calendar year 2020, property taxes and other revenues have increased faster than expected. 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, 2022, amounts to \$19,685,959 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, and bridges. The total increase in the County of Sierra's investment in capital assets for the current fiscal year was net of current year depreciation. See Note 4 pages 42-44.

**Sierra County
Management's Discussion and Analysis
For the Year Ended June 30, 2022**

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 1,055,098	\$ 1,055,098	\$ 122,124	\$ 122,124	\$ 1,177,222	\$ 1,177,222
Building and System	3,198,989	3,408,135	4,651,774	4,816,500	7,850,763	8,224,635
Machinery and Equipment	897,793	826,086	275,178	336,585	1,172,971	1,162,671
Infrastructure	6,840,457	7,533,923	-	-	6,840,457	7,533,923
Right to Use Leased Assets	61,380	-	-	-	61,380	-
Construction in Progress	1,077,960	1,020,604	1,473,193	1,408,404	2,551,153	2,429,008
Historical Treasures	32,013	32,013	-	-	32,013	32,013
Total	\$ 13,163,690	\$ 13,875,859	\$ 6,522,269	\$ 6,683,613	\$ 19,685,959	\$ 20,559,472

Additional information of the County of Sierra's capital assets can be found in Note 4 on pages 42-44 of this report.

Long-term debt. At the end of the current fiscal year, the County of Sierra has total debt outstanding of \$24,382,282. The debt consists of leases, landfill closure/postclosure costs, compensated absences and a pension obligation bond.

In the 2021/2022 fiscal year, Sierra County paid off its bond obligation used to pay the CalPERS side fund. Also in this fiscal year, Sierra County issued a bond to pay the County's unfunded actuarial liability for CalPERS legacy plans. This bond issue is for just under 10 years and for approximately 2.5% interest. This pension obligation bond (POB) saves the County \$8,735,844 by reducing the length of the debt from 30 years to 10 years and reducing the interest rate from 8% to approximately 2.5%.

County Service Area 5 (CSA) (also known as Sierra Brooks Water) issued a bond approved by the rate payers in 2020/21. The balance on June 30, 2022 was \$2,004,245. This debt is the responsibility of the landowners within the CSA service district.

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Pension Obligation Bond	\$ 17,951,247	\$ 623,000	\$ 222,183	\$ -	\$ 18,173,430	\$ 623,000
Special Assessment Bond	-	-	2,004,245	2,042,545	2,004,245	2,042,545
Other (leases, comp balances & landfill closure)	584,126	510,371	3,620,481	3,477,888	4,204,607	3,988,259
Total	\$ 18,535,373	\$ 1,133,371	\$ 5,846,909	\$ 5,520,433	\$ 24,382,282	\$ 6,653,804

The County of Sierra's total debt increased by \$17,728,478 (266.44%) during the current fiscal year. The key factor was the issuance of Pension Obligation Bonds.

Additional information on the County of Sierra's long-term debt can be found in note 6 on pages 45-47 of this report.

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, California, 95936.

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Basic Financial Statements

- **Government-Wide Financial Statements**

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COUNTY OF SIERRA
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and investments	\$ 19,796,407	\$ 242,504	\$ 20,038,911
Receivables:			
Accounts	67,022	1,308	68,330
Taxes	198,571	22,594	221,165
Intergovernmental	3,826,789	219,931	4,046,720
Prepaid costs	2,606,615	-	2,606,615
Deposits	775	-	775
Inventory	93,904	-	93,904
Internal balances	118,229	(118,229)	-
Restricted cash and investments	-	1,246,297	1,246,297
Capital assets:			
Non-depreciable	2,165,071	1,595,317	3,760,388
Depreciable, net	10,998,619	4,926,952	15,925,571
Total capital assets	<u>13,163,690</u>	<u>6,522,269</u>	<u>19,685,959</u>
Total Assets	<u>39,872,002</u>	<u>8,136,674</u>	<u>48,008,676</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension adjustments	22,754,580	270,619	23,025,199
Deferred OPEB adjustments	410,296	-	410,296
Total Deferred Outflows of Resources	<u>23,164,876</u>	<u>270,619</u>	<u>23,435,495</u>
LIABILITIES			
Accounts payable	379,111	36,739	415,850
Salaries and benefits payable	1,596,765	25,557	1,622,322
Accrued interest	-	11,915	11,915
Accrued claims liability	2,008,668	-	2,008,668
Long-term liabilities:			
Due within one year	1,498,902	50,759	1,549,661
Due in more than one year	17,036,471	5,796,150	22,832,621
Net pension liability	14,757,610	183,802	14,941,412
Net OPEB liability	2,003,145	-	2,003,145
Total Liabilities	<u>39,280,672</u>	<u>6,104,922</u>	<u>45,385,594</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension adjustments	14,347,380	179,210	14,526,590
Deferred OPEB adjustments	157,033	-	157,033
Total Deferred Inflows of Resources	<u>14,504,413</u>	<u>179,210</u>	<u>14,683,623</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, 2022

	Governmental Activities	Business-Type Activities	Totals
NET POSITION			
Net investment in capital assets	\$ 13,101,873	\$ 4,518,024	\$ 17,619,897
Restricted for:			
General government	285,920	-	285,920
Public protection	3,013,038	-	3,013,038
Health and welfare	8,261,224	-	8,261,224
Public assistance	8,732,484	-	8,732,484
Public ways and facilities	1,231,062	-	1,231,062
Unrestricted	(25,373,808)	(2,394,863)	(27,768,671)
Total Net Position	\$ 9,251,793	\$ 2,123,161	\$ 11,374,954

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

Continued (Page 2 of 2)

COUNTY OF SIERRA
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 5,710,750	\$ 2,331,343	\$ 856,181	\$ -
Public protection	5,897,659	105,674	2,794,591	-
Health and welfare	7,122,589	136,973	5,631,408	-
Public assistance	3,351,580	-	3,383,671	-
Education	105,271	2,478	-	-
Culture and recreation	412,734	-	126,927	-
Public ways and facilities	6,776,469	730,895	4,137,085	684,665
Interest on long-term debt	262,340	-	-	-
Total Governmental Activities	29,639,392	3,307,363	16,929,863	684,665
Business-type activities:				
Solid waste	1,265,483	912,731	40,000	-
Sierra Brooks Water	541,602	115,178	-	2,821
Transit	201,890	18,421	241,964	-
Total Business-Type Activities	2,008,975	1,046,330	281,964	2,821
Total	\$ 31,648,367	\$ 4,353,693	\$ 17,211,827	\$ 687,486

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

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
\$ (2,523,226)	\$ -	\$ (2,523,226)
(2,997,394)	-	(2,997,394)
(1,354,208)	-	(1,354,208)
32,091	-	32,091
(102,793)	-	(102,793)
(285,807)	-	(285,807)
(1,223,824)	-	(1,223,824)
(262,340)	-	(262,340)
<u>(8,717,501)</u>	<u>-</u>	<u>(8,717,501)</u>
-	(312,752)	(312,752)
-	(423,603)	(423,603)
-	58,495	58,495
<u>-</u>	<u>(677,860)</u>	<u>(677,860)</u>
<u>(8,717,501)</u>	<u>(677,860)</u>	<u>(9,395,361)</u>
4,002,525	173,501	4,176,026
622,300	-	622,300
431,927	-	431,927
39,427	-	39,427
11,239	-	11,239
22,522	-	22,522
229,220	15,246	244,466
651,585	200	651,785
7,527	(7,527)	-
<u>6,018,272</u>	<u>181,420</u>	<u>6,199,692</u>
(2,699,229)	(496,440)	(3,195,669)
<u>11,951,022</u>	<u>2,619,601</u>	<u>14,570,623</u>
<u>\$ 9,251,793</u>	<u>\$ 2,123,161</u>	<u>\$ 11,374,954</u>

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Basic Financial Statements

- **Fund Financial Statements**

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COUNTY OF SIERRA
Balance Sheet
Governmental Funds
June 30, 2022

	<u>General</u>	<u>Road</u>	<u>Human Services</u>	<u>Public Health and Drug Programs</u>
ASSETS				
Cash and investments	\$ 252,671	\$ -	\$ 8,786,603	\$ 8,109,352
Receivables:				
Accounts	9,614	-	-	-
Taxes	197,040	-	-	-
Intergovernmental	190,745	1,984,781	109,786	1,168,063
Prepaid costs	2,606,615	-	-	-
Deposits	-	-	-	-
Inventory	-	93,904	-	-
Due from other funds	1,363,542	60,000	-	-
	<u>\$ 4,620,227</u>	<u>\$ 2,138,685</u>	<u>\$ 8,896,389</u>	<u>\$ 9,277,415</u>
Total Assets				
	<u>\$ 4,620,227</u>	<u>\$ 2,138,685</u>	<u>\$ 8,896,389</u>	<u>\$ 9,277,415</u>
LIABILITIES				
Accounts payable	\$ 128,877	\$ 116,617	\$ 7,012	\$ 86,477
Salaries and benefits payable	777,186	259,224	156,893	403,462
Accrued claims liability	2,008,668	-	-	-
Due to other funds	-	1,562,559	-	-
	<u>2,914,731</u>	<u>1,938,400</u>	<u>163,905</u>	<u>489,939</u>
Total Liabilities				
	<u>2,914,731</u>	<u>1,938,400</u>	<u>163,905</u>	<u>489,939</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	21,884	1,708,528	-	763,877
	<u>21,884</u>	<u>1,708,528</u>	<u>-</u>	<u>763,877</u>
Total Deferred Inflows of Resources				
	<u>21,884</u>	<u>1,708,528</u>	<u>-</u>	<u>763,877</u>
FUND BALANCES				
Nonspendable	597,947	93,904	-	-
Restricted	-	-	8,732,484	8,023,599
Unassigned	1,085,665	(1,602,147)	-	-
	<u>1,683,612</u>	<u>(1,508,243)</u>	<u>8,732,484</u>	<u>8,023,599</u>
Total Fund Balances				
	<u>1,683,612</u>	<u>(1,508,243)</u>	<u>8,732,484</u>	<u>8,023,599</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,620,227</u>	<u>\$ 2,138,685</u>	<u>\$ 8,896,389</u>	<u>\$ 9,277,415</u>

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

Other Governmental Funds	Totals
\$ 2,647,781	\$ 19,796,407
57,408	67,022
1,531	198,571
373,414	3,826,789
-	2,606,615
775	775
-	93,904
327,554	1,751,096
<u>\$ 3,408,463</u>	<u>\$ 28,341,179</u>
\$ 40,128	\$ 379,111
-	1,596,765
-	2,008,668
70,308	1,632,867
<u>110,436</u>	<u>5,617,411</u>
<u>147,886</u>	<u>2,642,175</u>
<u>147,886</u>	<u>2,642,175</u>
-	691,851
3,161,348	19,917,431
(11,207)	(527,689)
<u>3,150,141</u>	<u>20,081,593</u>
<u>\$ 3,408,463</u>	<u>\$ 28,341,179</u>

COUNTY OF SIERRA
Reconciliation of the Governmental Funds Balance
Sheet to the Government-Wide Statement of
Net Position - Governmental Activities
June 30, 2022

Total Fund Balances - Total Governmental Funds	\$ 20,081,593
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.	13,102,310
Right to use capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	61,380
Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenues in the governmental funds.	2,642,175
Deferred outflows of resources related to pension and OPEB are not reported in the governmental funds.	23,164,876
Deferred inflows of resources related to pension and OPEB are not reported in the governmental funds.	(14,504,413)
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	
Bonds payable	(17,951,247)
Lease payable	(61,817)
Compensated absences	(522,309)
Net pension liability	(14,757,610)
Net OPEB liability	(2,003,145)
Net Position of Governmental Activities	<u>\$ 9,251,793</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, 2022

	<u>General</u>	<u>Road</u>	<u>Human Services</u>	<u>Public Health and Drug Programs</u>
REVENUES				
Taxes and assessments	\$ 5,061,817	\$ -	\$ -	\$ -
Licenses, permits, and franchises	129,139	3,305	-	-
Fines and forfeitures	42,371	-	-	-
Intergovernmental	927,244	3,628,243	3,916,222	4,806,138
Use of money and property	136,608	50	10,294	81,468
Charges for services	2,066,649	623,104	213	136,177
Other revenues	307,708	-	4,681	12,981
Total Revenues	<u>8,671,536</u>	<u>4,254,702</u>	<u>3,931,410</u>	<u>5,036,764</u>
EXPENDITURES				
Current:				
General government	8,769,663	-	-	-
Public protection	10,210,166	-	-	-
Health and welfare	404	-	-	9,849,502
Public assistance	123,112	-	4,448,489	-
Education	53,732	-	-	-
Culture and recreation	454,128	-	-	-
Public ways and facilities	36,815	8,260,440	-	-
Debt service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Costs of issuance	124,671	42,389	22,429	51,172
Capital outlay	349,897	177,476	39,700	13,609
Total Expenditures	<u>20,122,588</u>	<u>8,480,305</u>	<u>4,510,618</u>	<u>9,914,283</u>
Excess of Revenues Over (Under) Expenditures	<u>(11,451,052)</u>	<u>(4,225,603)</u>	<u>(579,208)</u>	<u>(4,877,519)</u>
OTHER FINANCING SOURCES (USES)				
Debt proceeds	9,431,147	3,161,835	1,679,823	3,830,599
Transfers in	2,087,069	9,163	39,641	167,755
Transfers out	(368,109)	(166,754)	(240,625)	(144,724)
Total Other Financing Sources (Uses)	<u>11,150,107</u>	<u>3,004,244</u>	<u>1,478,839</u>	<u>3,853,630</u>
Net Change in Fund Balances	(300,945)	(1,221,359)	899,631	(1,023,889)
Fund Balances - Beginning	<u>1,984,557</u>	<u>(286,884)</u>	<u>7,832,853</u>	<u>9,047,488</u>
Fund Balances - Ending	<u>\$ 1,683,612</u>	<u>\$ (1,508,243)</u>	<u>\$ 8,732,484</u>	<u>\$ 8,023,599</u>

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

Other Governmental Funds	Totals
\$ 76,036	\$ 5,137,853
-	132,444
23,522	65,893
2,832,440	16,110,287
800	229,220
325,457	3,151,600
326,215	651,585
<u>3,584,470</u>	<u>25,478,882</u>
553,925	9,323,588
286,375	10,496,541
-	9,849,906
-	4,571,601
-	53,732
-	454,128
26,318	8,323,573
623,000	623,000
21,482	21,482
-	240,661
117,227	697,909
<u>1,628,327</u>	<u>44,656,121</u>
<u>1,956,143</u>	<u>(19,177,239)</u>
-	18,103,404
667,180	2,970,808
<u>(2,043,069)</u>	<u>(2,963,281)</u>
<u>(1,375,889)</u>	<u>18,110,931</u>
580,254	(1,066,308)
<u>2,569,887</u>	<u>21,147,901</u>
<u>\$ 3,150,141</u>	<u>\$20,081,593</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, 2022

Net Change in Fund Balances - Total Governmental Funds \$ (1,066,308)

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	545,752
Capital outlay related to the right to use capital assets	152,157
Less current year depreciation/amortization	(1,410,624)
Contributions of capital assets	546

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	623,000
Lease retirements	90,340
Proceeds from issuance of debt	(17,951,247)
Proceeds related to the right to use capital assets	(152,157)

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	1,453,208
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Certain changes in deferred outflows and deferred inflows of resources reported in the Statement of Activities relate to long-term liabilities and are not reported in the governmental funds.

Change in deferred outflows of resources related to pension	18,035,465
Change in deferred inflows of resources related to pension	(11,507,373)
Change in deferred outflows of resources related to OPEB	195,848
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	(11,938)
Change in net pension liability	8,509,518
Change in net OPEB liability	(225,099)

Change in Net Position of Governmental Activities \$ (2,699,229)

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, 2022

	Business-Type Activities			Totals
	Enterprise Funds			
	Solid Waste	Sierra Brooks Water	Other Enterprise Funds	
ASSETS				
Current Assets:				
Cash and investments	\$ 130,964	\$ 111,540	\$ -	\$ 242,504
Receivables:				
Accounts	-	1,308	-	1,308
Taxes	20,972	1,622	-	22,594
Intergovernmental	32,891	-	187,040	219,931
Total Current Assets	<u>184,827</u>	<u>114,470</u>	<u>187,040</u>	<u>486,337</u>
Noncurrent Assets:				
Restricted cash and investments	1,246,297	-	-	1,246,297
Capital Assets:				
Non-depreciable	1,595,317	-	-	1,595,317
Depreciable, net	207,704	4,666,969	52,279	4,926,952
Total Noncurrent Assets	<u>3,049,318</u>	<u>4,666,969</u>	<u>52,279</u>	<u>7,768,566</u>
Total Assets	<u>3,234,145</u>	<u>4,781,439</u>	<u>239,319</u>	<u>8,254,903</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension adjustments	201,413	69,206	-	270,619
Total Deferred Outflows of Resources	<u>201,413</u>	<u>69,206</u>	<u>-</u>	<u>270,619</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	28,823	7,916	-	36,739
Salaries and benefits payable	21,658	3,899	-	25,557
Accrued interest	-	11,915	-	11,915
Due to other funds	-	-	118,229	118,229
Loans payable	-	39,000	-	39,000
Bonds payable	8,744	3,015	-	11,759
Total Current Liabilities	<u>59,225</u>	<u>65,745</u>	<u>118,229</u>	<u>243,199</u>
Noncurrent Liabilities:				
Loans payable	-	1,965,245	-	1,965,245
Bonds payable	156,469	53,955	-	210,424
Closure/postclosure liability	3,620,481	-	-	3,620,481
Net pension liability	136,798	47,004	-	183,802
Total Noncurrent Liabilities	<u>3,913,748</u>	<u>2,066,204</u>	<u>-</u>	<u>5,979,952</u>
Total Liabilities	<u>3,972,973</u>	<u>2,131,949</u>	<u>118,229</u>	<u>6,223,151</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pension adjustments	133,380	45,830	-	179,210
Total Deferred Inflows of Resources	<u>133,380</u>	<u>45,830</u>	<u>-</u>	<u>179,210</u>
NET POSITION				
Net investment in capital assets	1,803,021	2,662,724	52,279	4,518,024
Unrestricted	(2,473,816)	10,142	68,811	(2,394,863)
Total Net Position	<u>\$ (670,795)</u>	<u>\$ 2,672,866</u>	<u>\$ 121,090</u>	<u>\$ 2,123,161</u>

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, 2022

	Business-Type Activities			Totals
	Enterprise Funds			
	Solid Waste	Sierra Brooks Water	Other Enterprise Funds	
OPERATING REVENUES				
Charges for services	\$ 912,731	\$ 115,178	\$ -	\$ 1,027,909
Passenger fares	-	-	18,421	18,421
Other revenue	-	200	-	200
Total Operating Revenues	<u>912,731</u>	<u>115,378</u>	<u>18,421</u>	<u>1,046,530</u>
OPERATING EXPENSES				
Salaries and benefits	318,037	122,979	-	441,016
Services and supplies	917,271	211,697	-	1,128,968
Purchased transportation	-	-	160,921	160,921
Administration	-	-	2,994	2,994
Depreciation	27,959	170,753	37,975	236,687
Total Operating Expenses	<u>1,263,267</u>	<u>505,429</u>	<u>201,890</u>	<u>1,970,586</u>
Operating Income (Loss)	<u>(350,536)</u>	<u>(390,051)</u>	<u>(183,469)</u>	<u>(924,056)</u>
NON-OPERATING REVENUES (EXPENSES)				
Taxes and assessments	-	173,501	-	173,501
Intergovernmental	40,000	2,821	241,964	284,785
Interest income	18,255	227	(3,236)	15,246
Interest expense	-	(35,409)	-	(35,409)
Costs of issuance	(2,216)	(764)	-	(2,980)
Total Non-Operating Revenues (Expenses)	<u>56,039</u>	<u>140,376</u>	<u>238,728</u>	<u>435,143</u>
Income (Loss) Before Transfers	<u>(294,497)</u>	<u>(249,675)</u>	<u>55,259</u>	<u>(488,913)</u>
Transfers out	<u>(1,737)</u>	<u>(5,790)</u>	<u>-</u>	<u>(7,527)</u>
Change in Net Position	<u>(296,234)</u>	<u>(255,465)</u>	<u>55,259</u>	<u>(496,440)</u>
Total Net Position - Beginning	<u>(374,561)</u>	<u>2,928,331</u>	<u>65,831</u>	<u>2,619,601</u>
Total Net Position - Ending	<u>\$ (670,795)</u>	<u>\$ 2,672,866</u>	<u>\$ 121,090</u>	<u>\$ 2,123,161</u>

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

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COUNTY OF SIERRA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

	Business-Type Activities			Totals
	Enterprise Funds			
	Solid Waste	Sierra Brooks Water	Other Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 912,731	\$ 120,706	\$ 18,421	\$ 1,051,858
Payments to suppliers	(774,520)	(211,561)	(163,915)	(1,149,996)
Payments to employees	(365,438)	(99,521)	-	(464,959)
Net Cash Provided (Used) by Operating Activities	<u>(227,227)</u>	<u>(190,376)</u>	<u>(145,494)</u>	<u>(563,097)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Taxes received	-	173,588	102,924	276,512
Intergovernmental revenue received	6,190	-	-	6,190
Transfers to other funds	(1,737)	(5,790)	-	(7,527)
Interfund loans received	-	-	118,229	118,229
Interfund loans repaid	-	-	(72,423)	(72,423)
Issuance of pension obligation bonds	162,997	56,206	-	219,203
Net Cash Provided (Used) by Noncapital Financing Activities	<u>167,450</u>	<u>224,004</u>	<u>148,730</u>	<u>540,184</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Intergovernmental revenue received	-	2,821	-	2,821
Acquisition of capital assets	(75,343)	-	-	(75,343)
Principal paid on capital debt	-	(38,300)	-	(38,300)
Interest paid on capital debt	-	(35,409)	-	(35,409)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(75,343)</u>	<u>(70,888)</u>	<u>-</u>	<u>(146,231)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	18,255	227	(3,236)	15,246
Net Cash Provided (Used) by Investing Activities	<u>18,255</u>	<u>227</u>	<u>(3,236)</u>	<u>15,246</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(116,865)	(37,033)	-	(153,898)
Balances - Beginning	1,494,126	148,573	-	1,642,699
Balances - Ending	<u>\$ 1,377,261</u>	<u>\$ 111,540</u>	<u>\$ -</u>	<u>\$ 1,488,801</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 Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

	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)	\$ (350,536)	\$ (390,051)	\$ (183,469)	\$ (924,056)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	27,959	170,753	37,975	236,687
Decrease (increase) in:				
Accounts receivable	-	5,328	-	5,328
Pension adjustments - deferred outflows	(173,049)	(69,206)	-	(242,255)
Increase (decrease) in:				
Accounts payable	158	136	-	294
Salaries and benefits payable	2,915	(170)	-	2,745
Pension adjustments - deferred inflows	168,612	45,830	-	214,442
Net pension liability	(45,879)	47,004	-	1,125
Closure/postclosure liability	142,593	-	-	142,593
Net Cash Provided (Used) by Operating Activities	\$ (227,227)	\$ (190,376)	\$ (145,494)	\$ (563,097)

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, 2022

	Investment Trust Funds	Custodial Funds	Total Fiduciary Funds
ASSETS			
Cash and investments	\$ 11,544,620	\$ 749,798	\$ 12,294,418
Receivables:			
Taxes	-	375,112	375,112
Intergovernmental	15,000	89,217	104,217
Total Assets	11,559,620	1,214,127	12,773,747
LIABILITIES			
Accounts payable	115,606	28,440	144,046
Salaries and benefits payable	8,313	-	8,313
Total Liabilities	123,919	28,440	152,359
NET POSITION			
Restricted for individuals, organizations, and other governments	11,435,701	1,185,687	12,621,388
Total Net Position	\$ 11,435,701	\$ 1,185,687	\$ 12,621,388

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, 2022

	Investment Trust Funds	Custodial Funds	Total Fiduciary Funds
ADDITIONS			
Property taxes collected for other governments	\$ 4,103,387	\$ 604,324	\$ 4,707,711
Contributions to pooled investments	9,265,515	907,287	10,172,802
Net investment earnings	91,439	388,075	479,514
Total Additions	13,460,341	1,899,686	15,360,027
DEDUCTIONS			
Property taxes distributed to other governments	833,787	366,898	1,200,685
Distributions from pooled investments	9,831,952	1,432,295	11,264,247
Total Deductions	10,665,739	1,799,193	12,464,932
Net Increase (Decrease) in Fiduciary Net Position	2,794,602	100,493	2,895,095
Total Net Position - Beginning	8,641,099	1,085,194	9,726,293
Total Net Position - Ending	\$ 11,435,701	\$ 1,185,687	\$ 12,621,388

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

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Basic Financial Statements

- **Notes to Basic Financial Statements**

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COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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, 2022, 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 \$1,246,297 for closure/postclosure funding.

H. Receivables

Receivables for governmental activities consist mainly of accounts, taxes and intergovernmental revenues. 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, 2022

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, 2022 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, 2022

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 \$76,664 at June 30, 2022. 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, 2022

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, 2020
Measurement Date	June 30, 2021
Measurement Period	June 30, 2020 to June 30, 2021

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, 2021
Measurement Date	June 30, 2021
Measurement Period	June 30, 2020 to June 30, 2021

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

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. 87, Leases. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. This statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period.

Statement No. 92, Omnibus 2020. This Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature.

Statement No. 93, Replacement of Interbank Offered Rates. The objective of this Statement is to address implications of GASB Statement No. 53 and GASB Statement No. 87 and other accounting and financial reporting implications that result from the replacement of an IBOR.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

T. Future Accounting Pronouncements

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

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. 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)

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balance/Net Position

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

- The Road fund had a fund balance deficit of \$1,508,243, which is expected to be eliminated in future years through increased revenues.

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

- The Aviation fund had a fund balance deficit of \$10,426, 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 \$670,795, which is expected to be eliminated in future years through increased revenues.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 3: CASH AND INVESTMENTS

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

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

The County sponsored investment pool includes both internal and external participants. The portion of the pool attributable to external pool participants, which are considered involuntary participants, are included in the primary government as Investment Trust Funds which do not have separate financial reports. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer. The investments of involuntary participants in the investment pool totaled \$11,544,620 at June 30, 2022.

A. Financial Statement Presentation

As of June 30, 2022, the County's cash and investments are reported in the financial statements as follows:

Primary government	\$ 21,285,208
Investment trust funds	11,544,620
Custodial funds	<u>749,798</u>
Total Cash and Investments	<u>\$ 33,579,626</u>

As of June 30, 2022, the County's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 7,173
Deposits in Treasurer's Pool (less outstanding checks)	<u>928,001</u>
Total Cash	<u>935,174</u>
Investments:	
In Treasurer's Pool	<u>32,644,452</u>
Total Investments	<u>32,644,452</u>
Total Cash and Investments	<u>\$ 33,579,626</u>

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

B. Cash

At year end, the carrying amount of the County's cash deposits (including the amount in a checking account) was \$928,001 and the bank balance was \$1,222,458. 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 \$7,173.

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, interest bearing 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. The County's investment policy does not further limit its deposits.

C. Investments

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

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

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

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

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

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

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

At June 30, 2022, the County had the following recurring fair value measurements:

Investment Type	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level				
Federal Agencies	\$ 7,003,622	\$ -	\$ 7,003,622	\$ -
Medium-Term Corporate Notes	7,649,817	-	7,649,817	-
Supranationals	1,118,045	-	1,118,045	-
U.S. Treasuries	<u>12,682,816</u>	<u>-</u>	<u>12,682,816</u>	<u>-</u>
Total Investments Measured at Fair Value	28,454,300	<u>\$ -</u>	<u>\$28,454,300</u>	<u>\$ -</u>
Investments in External Investment Pools				
LAIF	2,588,276			
CAMP	<u>1,601,876</u>			
Total Investments	<u>\$ 32,644,452</u>			

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

As of June 30, 2022, 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%	\$ 3,751,854	\$ 3,251,768	\$ 7,003,622	1.06
Medium-Term Corporate Notes	0.063-3.875%	2,048,809	5,601,008	7,649,817	1.93
Supranationals	0.500-2.500%	-	1,118,045	1,118,045	0.15
U.S. Treasuries	0.125-2.000%	2,449,253	10,233,563	12,682,816	3.40
LAIF	Variable	2,588,276	-	2,588,276	-
CAMP	Variable	<u>1,601,876</u>	<u>-</u>	<u>1,601,876</u>	<u>-</u>
Total Investments		<u>\$12,440,068</u>	<u>\$20,204,384</u>	<u>\$32,644,452</u>	<u>2.01</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, 2022

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+	5.38%
Federal National Mortgage Association	-	AAA	AA+	6.12%
Federal Home Loan Mortgage Corporation	-	AAA	AA+	6.89%
Federal Farm Credit Bank	-	AAA	AA+	3.06%
Medium-Term Corporate Notes	A	A	A1	1.83%
Medium-Term Corporate Notes	A	A	A2	6.68%
Medium-Term Corporate Notes	A	A	A3	0.98%
Medium-Term Corporate Notes	A	A	Aa3	0.96%
Medium-Term Corporate Notes	A	A-	A2	3.72%
Medium-Term Corporate Notes	A	A+	A1	4.37%
Medium-Term Corporate Notes	A	A+	A2	0.92%
Medium-Term Corporate Notes	A	AA	Aa2	1.53%
Medium-Term Corporate Notes	A	AA-	A1	0.92%
Medium-Term Corporate Notes	A	AA-	Aa2	1.53%
Supranationals	A	Aaa	AAA	3.42%
U.S. Treasuries	-	AAA	AA+	38.85%
LAIF	N/A	NR	NR	7.93%
CAMP	N/A	NR	NR	4.91%
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, 2022, 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	\$ 1,756,751	5.38%
Federal National Mortgage Association	1,999,179	6.12%
Federal Home Loan Mortgage Corporation	2,247,773	6.89%

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

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, 2022, the County's investment in LAIF valued at amortized cost was \$2,588,276 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 \$231.6 billion. Of that amount, 98.12 percent is invested in non-derivative financial products and 1.88 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, 2022, was \$1,601,876, 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, 2022:

	<u>Internal Participants</u>	<u>External Participants</u>	<u>Total Pool</u>
Statement of Net Position			
Cash on hand	\$ 7,173	\$ -	\$ 7,173
Deposits (less outstanding checks)	928,001	-	928,001
Investments	<u>21,099,832</u>	<u>11,544,620</u>	<u>32,644,452</u>
Net Position at June 30, 2022	<u>\$ 22,035,006</u>	<u>\$ 11,544,620</u>	<u>\$ 33,579,626</u>
Statement of Changes in Net Position			
Net position at July 1, 2021	\$ 23,169,204	\$ 8,735,485	\$ 31,904,689
Net changes in investments by pool participants	<u>(1,134,198)</u>	<u>2,809,135</u>	<u>1,674,937</u>
Net Position at June 30, 2022	<u>\$ 22,035,006</u>	<u>\$ 11,544,620</u>	<u>\$ 33,579,626</u>

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,055,098	\$ -	\$ -	\$ 1,055,098
Construction in progress	1,020,604	57,356	-	1,077,960
Historical treasurers	32,013	-	-	32,013
	<u>2,107,715</u>	<u>57,356</u>	<u>-</u>	<u>2,165,071</u>
Total Capital Assets, Not Being Depreciated				
Capital Assets, Being Depreciated:				
Infrastructure	20,923,676	26,891	-	20,950,567
Structures and improvements	8,699,058	43,275	-	8,742,333
Right to use leased buildings	-	81,783	-	81,783
Equipment	8,697,064	418,776	-	9,115,840
Right to use leased equipment	-	70,374	-	70,374
	<u>38,319,798</u>	<u>641,099</u>	<u>-</u>	<u>38,960,897</u>
Total Capital Assets, Being Depreciated				
Less Accumulated Depreciation For:				
Infrastructure	(13,389,753)	(720,357)	-	(14,110,110)
Structures and improvements	(5,290,923)	(252,421)	-	(5,543,344)
Right to use leased buildings	-	(73,183)	-	(73,183)
Equipment	(7,870,978)	(347,069)	-	(8,218,047)
Right to use leased equipment	-	(17,594)	-	(17,594)
	<u>(26,551,654)</u>	<u>(1,410,624)</u>	<u>-</u>	<u>(27,962,278)</u>
Total Accumulated Depreciation				
Total Capital Assets, Being Depreciated, Net				
	<u>11,768,144</u>	<u>(769,525)</u>	<u>-</u>	<u>10,998,619</u>
Governmental Activities Capital Assets, Net				
	<u>\$ 13,875,859</u>	<u>(\$ 712,169)</u>	<u>\$ -</u>	<u>\$ 13,163,690</u>

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 4: CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 122,124	\$ -	\$ -	\$ 122,124
Construction in progress	1,408,404	64,789	-	1,473,193
Total Capital Assets, Not Being Depreciated	<u>1,530,528</u>	<u>64,789</u>	<u>-</u>	<u>1,595,317</u>
Capital Assets, Being Depreciated:				
Structures and improvements	4,967,902	-	-	4,967,902
Equipment	837,251	10,554	-	847,805
Total Capital Assets, Being Depreciated	<u>5,805,153</u>	<u>10,554</u>	<u>-</u>	<u>5,815,707</u>
Less Accumulated Depreciation For:				
Structures and improvements	(151,402)	(164,726)	-	(316,128)
Equipment	(500,666)	(71,961)	-	(572,627)
Total Accumulated Depreciation	<u>(652,068)</u>	<u>(236,687)</u>	<u>-</u>	<u>(888,755)</u>
Total Capital Assets, Being Depreciated, Net	<u>5,153,085</u>	<u>(226,133)</u>	<u>-</u>	<u>4,926,952</u>
Business-Type Activities Capital Assets, Net	<u>\$ 6,683,613</u>	<u>(\$ 161,344)</u>	<u>\$ -</u>	<u>\$ 6,522,269</u>

Depreciation

Depreciation expense was charged to governmental activities as follows:

General government	\$ 127,854
Public protection	300,387
Health and welfare	79,489
Public assistance	24,903
Education	7,985
Culture and recreation	51,474
Public ways and facilities	<u>818,532</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 1,410,624</u>

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

Solid waste	\$ 27,959
Sierra Brooks Water	170,753
Transit	<u>37,975</u>
Total Depreciation Expense – Business-Type Activities	<u>\$ 236,687</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 Gold Lake highway. Construction in progress for business-type activities relates primarily to landfill closure.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 4: CAPITAL ASSETS (CONTINUED)

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.

The following are due from and due to balances as of June 30, 2022:

	Due From Other Funds	Due To Other Funds
General fund	\$ 1,363,542	\$ -
Road	60,000	1,562,559
Nonmajor governmental funds	327,554	70,308
Nonmajor enterprise funds	-	118,229
Total	\$ 1,751,096	\$ 1,751,096

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, 2022:

	Transfers In	Transfers Out
General fund	\$ 2,087,069	\$ 368,109
Road	9,163	166,754
Human Services	39,641	240,625
Public Health and Drug Programs	167,755	144,724
Nonmajor governmental funds	667,180	2,043,069
Solid Waste	-	1,737
Sierra Brooks Water	-	5,790
Total	\$ 2,970,808	\$ 2,970,808

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 6: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2022:

<u>Type of Indebtedness</u>	<u>Balance July 1, 2021</u>	<u>Transfers/ Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2022</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds from direct borrowings	\$ 623,000	\$ 17,951,247	(\$ 623,000)	\$ 17,951,247	\$ 950,027
Leases	-	152,157	(90,340)	61,817	26,566
Compensated absences	510,371	715,746	(703,808)	522,309	522,309
Total Governmental Activities	<u>\$ 1,133,371</u>	<u>\$ 18,819,150</u>	<u>(\$1,417,148)</u>	<u>\$ 18,535,373</u>	<u>\$ 1,498,902</u>
Business-Type Activities					
Bonds from direct borrowings	\$ 2,042,545	\$ 222,183	(\$ 38,300)	\$ 2,226,428	\$ 50,759
Closure/postclosure	3,477,888	142,593	-	3,620,481	-
Total Business-Type Activities	<u>\$ 5,520,433</u>	<u>\$ 364,776</u>	<u>(\$ 38,300)</u>	<u>\$ 5,846,909</u>	<u>\$ 50,759</u>

Compensated absences and leases 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, 2022, are as follows:

Governmental Activities

Bonds from Direct Borrowings:

2022 Direct Borrowing Taxable Pension Obligation Bonds issued January 1, 2022, in the amount of \$18,990,000, due in annual installments of \$1,005,000 to \$2,190,000, with an interest rate of 0.92 to 2.78%, and a maturity on August 1, 2031. The bonds were issued to (a) finance a portion of the County's unfunded accrued actuarial liability (the "UAL") to the California Public Employees' Retirement System ("CalPERS") for the benefit of the County's miscellaneous employees, and (b) pay the costs of 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. The bond proceeds and payments are allocated among governmental funds, proprietary funds, and to the courts.

	<u>\$ 17,951,247</u>
Total Bonds from Direct Borrowings	<u>17,951,247</u>
Total Governmental Activities	<u>\$ 17,951,247</u>

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

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 (CSA). The bonds are secured by monies in the redemption fund and by the unpaid portion of the assessments made for the payment of improvements. The CSA is responsible for these Bonds and payments can not be made from the General fund on behalf of the CSA.

\$ 2,004,245

2022 Direct Borrowing Taxable Pension Obligation Bonds issued January 1, 2022, in the amount of \$18,990,000, due in annual installments of \$1,005,000 to \$2,190,000, with an interest rate of 0.92 to 2.78%, and a maturity on August 1, 2031. The bonds were issued to (a) finance a portion of the County's unfunded accrued actuarial liability (the "UAL") to the California Public Employees' Retirement System ("CalPERS") for the benefit of the County's miscellaneous employees, and (b) pay the costs of 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. The bond proceeds and payments are allocated among governmental funds, proprietary funds, and to the courts.

222,183

Total Bonds from Direct Borrowings

2,226,428

Total Business-Type Activities

\$ 2,226,428

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	<u>Bonds from Direct Borrowings</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2023	\$ 950,027	\$ 378,852	\$ 1,328,879
2024	1,748,805	353,327	2,102,132
2025	1,772,438	330,506	2,102,944
2026	1,800,797	301,632	2,102,429
2027	1,833,882	267,354	2,101,236
2028-2032	<u>9,845,298</u>	<u>659,644</u>	<u>10,504,942</u>
Total	<u>\$ 17,951,247</u>	<u>\$ 2,291,315</u>	<u>\$ 20,242,562</u>

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

Business-Type Activities

Year Ended June 30	Bonds from Direct Borrowings		
	Principal	Interest	Totals
2023	\$ 50,759	\$ 39,422	\$ 90,181
2024	61,245	38,418	99,663
2025	62,238	37,437	99,675
2026	63,289	36,368	99,657
2027	64,498	35,219	99,717
2028-2032	341,954	156,394	498,348
2033-2037	240,000	128,111	368,111
2038-2042	261,600	106,180	367,780
2043-2047	285,500	82,258	367,758
2048-2052	311,200	56,165	367,365
2053-2057	339,600	27,772	367,372
2058-2059	144,545	2,543	147,088
Total	<u>\$ 2,226,428</u>	<u>\$ 746,287</u>	<u>\$ 2,972,715</u>

NOTE 7: LEASES

The District has entered into certain lease agreements, which were required to be reported under GASB 87.

	Incremental Borrowing Rate	Present Value of Remaining Payments at June 30, 2022
Governmental activities	0.20%	\$ 61,817
Total		<u>\$ 61,817</u>

Buildings, equipment and related accumulated depreciation under capital leases are as follows:

	Governmental Activities
Buildings	\$ 81,783
Equipment	70,374
Less: accumulated depreciation	(90,777)
Net Value	<u>\$ 61,380</u>

As of June 30, 2022, capital lease annual amortization is as follows:

Year Ended June 30	Governmental Activities
2023	\$ 26,663
2024	17,662
2025	<u>17,662</u>
Total Requirements	61,987
Less Interest	(170)
Present Value of Remaining Payments	<u>\$ 61,817</u>

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 8: CLOSURE/POSTCLOSURE

The County of Sierra is responsible for one operating landfill site. State and Federal laws and regulations require the County to perform certain closure and postclosure maintenance and monitoring functions at the site for thirty years after closure. GASB Statement No. 18 requires that a portion of these closure and postclosure care costs be reported as an operating expense in each year based on landfill capacity used as of each statement of net position date. The capacity of the landfill was formally reduced in 2012 following the County's adoption of a revised preliminary closure and postclosure maintenance plan which reflected the landfill's redesign to stay within its existing footprint. The redesign resulted in the total landfill capacity being reduced from 165,827 tons to 71,000 tons. The \$3,620,481 reported as closure/postclosure liability at June 30, 2022, 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 2022. 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, 2022, cash and investments of \$1,246,297 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.

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

NOTE 9: NET POSITION

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

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

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 9: NET POSITION (CONTINUED)

Net Position Restricted by Enabling Legislation

The government-wide Statement of Net Position reports \$21,523,728 of restricted net position, of which \$21,523,728 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 10: FUND BALANCES

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

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

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 10: FUND BALANCES (CONTINUED)

The fund balances for all major and nonmajor governmental funds as of June 30, 2022, were distributed as follows:

	General Fund	Road	Human Services	Public Health and Drug Programs	Other Governmental Funds	Totals
Nonspendable:						
Prepaid costs	\$ 597,947	\$ -	\$ -	\$ -	\$ -	\$ 597,947
Inventory	-	93,904	-	-	-	93,904
Subtotal	<u>597,947</u>	<u>93,904</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>691,851</u>
Restricted for:						
Social Service Programs	-	-	8,732,484	-	-	8,732,484
Public Health & Drug Programs	-	-	-	8,023,599	-	8,023,599
Fish and Game	-	-	-	-	8,834	8,834
Predator Control	-	-	-	-	605	605
Clerk Recorder	-	-	-	-	73,289	73,289
Court Fines	-	-	-	-	56,996	56,996
Law Enforcement	-	-	-	-	1,849,480	1,849,480
Board of Supervisors	-	-	-	-	479,121	479,121
Fire Safe Programs	-	-	-	-	214,850	214,850
Tax Related Costs	-	-	-	-	35,900	35,900
Office of Emergency Services	-	-	-	-	198,610	198,610
Special Districts Under the Board	-	-	-	-	76,371	76,371
Debt Services	-	-	-	-	167,292	167,292
Subtotal	<u>-</u>	<u>-</u>	<u>8,732,484</u>	<u>8,023,599</u>	<u>3,161,348</u>	<u>19,917,431</u>
Unassigned	<u>1,085,665</u>	<u>(1,602,147)</u>	<u>-</u>	<u>-</u>	<u>(11,207)</u>	<u>(527,689)</u>
Total	<u>\$1,683,612</u>	<u>(\$ 1,508,243)</u>	<u>\$8,732,484</u>	<u>\$ 8,023,599</u>	<u>\$ 3,150,141</u>	<u>\$20,081,593</u>

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.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 11: PENSION PLAN

A. General Information about the Pension Plan

Plan Description

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

Effective January 1, 2013, the County added 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.

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, 2022, 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%

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 11: PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

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	14.020%	8.000%	0.000%
Miscellaneous PEPRA	7.590%	6.750%	0.000%
Safety	21.790%	9.000%	0.000%
Safety County Peace Officer PEPRA	13.130%	13.000%	0.000%

For the year ended June 30, 2022, the contributions recognized as part of pension expense were as follows:

	<u>Contributions-Employer</u>	<u>Contributions-Employee (Paid by Employer)</u>
Miscellaneous	\$ 2,189,003	\$ -
Safety	127,930	-

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, 2021, 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, 2020 rolled forward to June 30, 2021 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, 2021 and 2022 was as follows:

	<u>Proportion June 30, 2021</u>	<u>Proportion June 30, 2022</u>	<u>Change- Increase (Decrease)</u>
Miscellaneous	.44868%	.66578%	.21710%
Safety	.07949%	.08492%	.00543%

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 11: PENSION PLAN (CONTINUED)

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

As of June 30, 2022, the County 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	\$ 12,641,765
Safety	<u>2,980,242</u>
Total Net Pension Liability	15,622,007
Less: amount allocated to independent entities	(<u>680,595</u>)
Total	<u>\$ 14,941,412</u>

For the year ended June 30, 2022, the County recognized pension expense of \$6,099,622. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 21,455,674	\$ -
Difference between expected and actual experience	1,926,810	-
Difference between projected and actual earnings on pension plan investments	71,913	(12,809,409)
Difference between County contributions and proportionate share of contributions	-	(2,010,041)
Adjustment due to differences in proportions	<u>572,869</u>	<u>(370,732)</u>
Total	24,027,266	(15,190,182)
Less: amount allocated to independent entities	(<u>1,002,067</u>)	<u>663,592</u>
Total	<u>\$ 23,025,199</u>	<u>(\$ 14,526,590)</u>

\$21,455,674 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>		
2023		(\$ 3,100,220)
2024		(2,997,817)
2025		(2,982,755)
2026		<u>(3,537,798)</u>
Total		<u>(\$ 12,618,590)</u>

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 11: PENSION PLAN (CONTINUED)

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

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
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

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.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 11: 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)

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 – 10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
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	\$ 21,328,252	\$ 12,641,765	\$ 5,460,769
Safety	5,937,529	2,980,242	551,197

Pension Plan Fiduciary Net Position

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

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 12: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. General Information about the OPEB Plan

Plan Description

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

Benefits Provided

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

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

- For miscellaneous and safety non-management employees, those who 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 2021 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 liability.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 12: 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	\$ 1,204.42	\$ 1,015.93	\$ 855.25	\$ 745.04
Employee +1	2,394.90	2,016.95	1,699.65	1,474.08
Employee + Family	3,148.63	2,653.30	2,241.76	1,947.65

Medical Only: Active or Retiree	EPO	Gold	HSA	Silver
Employee only	\$ 1,147.42	\$ 958.63	\$ 798.25	\$ 688.04
Employee +1	2,296.90	1,918.89	1,601.65	1,376.08
Employee + Family	2,988.03	2,492.60	2,080.60	1,787.05

Plan Members Covered by Benefit Terms

At June 30, 2022 the following plan members were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	7
Active plan members	<u>98</u>
Total	<u>105</u>

B. Net OPEB Liability

The County's net OPEB liability of \$2,003,145 was measured as of June 30, 2021, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The net OPEB liability in the June 30, 2021 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, 2021
Measurement Date	Last day of the prior fiscal year (June 30, 2021)
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% as of June 30, 2020, and 2.18% as of June 30, 2021
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in the valuation.
Salary Increase	Not applicable; there are no active employees on the plan
General Inflation Rate	2.50% per year
Mortality Improvement	MacLeod Watts Scale 2020 applied generationally from 2010.
Healthcare cost trend rates	5.70% for 2022, 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, 2022

NOTE 12: 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, 2021	\$ <u>1,778,046</u>
Changes during the period:	
Service cost	117,696
Interest cost	47,960
Differences between expected and actual experience	147,573
Changes of assumptions	97,368
Benefit payments	(185,498)
Net changes	<u>225,099</u>
Balance at Fiscal Year Ending June 30, 2022	\$ <u>2,003,145</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.66 percent to 2.18 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 1.18%	Current Rate 2.18%	1% Increase 3.18%
Net OPEB liability	\$ 2,148,319	\$ 2,003,145	\$ 1,866,215

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	\$ 1,818,082	\$ 2,003,145	\$ 2,217,799

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 12: 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, 2022, the County recognized OPEB expense of \$171,341. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 114,281	(\$ 142,253)
Contributions made subsequent to the measurement date	161,773	-
Difference between expected and actual experience	134,242	(14,780)
Total	\$ 410,296	(\$ 157,033)

\$161,773 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:

Year Ended June 30				
2023		\$	5,685	
2024			5,685	
2025			5,685	
2026			5,685	
2027			5,685	
Thereafter			63,065	
			91,490	

NOTE 13: DEFERRED COMPENSATION PLAN

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

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

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

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

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 14: RISK MANAGEMENT

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

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

The County also belongs to another larger JPA called 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 2021/2022.

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 2020, 2021 and 2022 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>
2020	\$ 1,509,425	\$ 1,218,386	(\$ 719,882)	\$ 2,007,929
2021	2,007,929	286,953	(395,828)	1,899,054
2022	1,899,054	430,341	(320,727)	2,008,668

NOTE 15: OTHER INFORMATION

A. Contingencies

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

B. Subsequent Events

Management has evaluated events subsequent to June 30, 2022 through January 3, 2023, 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, 2022
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 eight years are shown.

2017/2018	2018/2019	2019/2020	2020/2021
0.41358%	0.44128%	0.44868%	0.66578%
\$ 15,586,488	\$ 17,671,040	\$ 18,925,471	\$ 12,641,765
5,456,647	5,781,297	6,339,886	6,761,490
285.64%	305.66%	298.51%	186.97%
72.41%	71.45%	70.38%	80.79%
0.07387%	0.07617%	0.07949%	0.08492%
\$ 4,334,167	\$ 4,755,111	\$ 5,296,208	\$ 2,980,242
923,756	904,302	881,589	880,909
469.19%	525.83%	600.76%	338.31%
76.98%	76.57%	75.27%	86.43%

COUNTY OF SIERRA
Required Supplementary Information
County Pension Plan
Schedule of Contributions
For the Year Ended June 30, 2022
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 eight years are shown.

<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>
\$ 1,476,955	\$ 1,712,439	\$ 2,189,003	\$ 2,184,103
<u>(1,476,955)</u>	<u>(1,712,439)</u>	<u>(2,189,003)</u>	<u>(16,944,484)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(14,760,381)</u>
\$ 5,781,297 25.55%	\$ 6,339,886 27.01%	\$ 6,761,490 32.37%	\$ 7,024,484 241.22%
\$ 351,547	\$ 410,892	\$ 127,930	\$ 536,157
<u>(351,547)</u>	<u>(410,892)</u>	<u>(127,930)</u>	<u>(4,511,190)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,975,033)</u>
\$ 904,302 38.87%	\$ 881,589 46.61%	\$ 880,909 14.52%	\$ 1,013,246 445.22%

COUNTY OF SIERRA
Required Supplementary Information
County Pension Plan
Notes to County Pension Plan
For the Year Ended June 30, 2022

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, 2019
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%

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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, 2022
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 five years are shown.

2021/2022

\$ 117,696
47,960
147,573
97,368
(185,498)

225,099

1,778,046

\$ 2,003,145

\$ 7,232,979
27.69%

COUNTY OF SIERRA
Required Supplementary Information
County OPEB Plan
Note to County OPEB Plan
For the Year Ended June 30, 2022

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

Changes of Assumptions

The discount rate was changed from 2.66 percent as of the June 30, 2020 measurement date to 2.18 percent as of the June 30, 2021 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, 2022

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and assessments	\$ 4,429,605	\$ 4,429,605	\$ 5,061,817	\$ 632,212
Licenses, permits, and franchises	158,300	158,300	129,139	(29,161)
Fines and forfeitures	26,000	26,000	42,371	16,371
Intergovernmental	2,445,651	3,045,651	927,244	(2,118,407)
Use of money and property	130,000	130,000	136,608	6,608
Charges for services	2,111,412	2,111,412	2,066,649	(44,763)
Other revenues	172,377	172,377	307,708	135,331
Total Revenues	9,473,345	10,073,345	8,671,536	(1,401,809)
EXPENDITURES				
Current:				
General government	5,349,191	5,974,191	3,626,170	2,348,021
Public protection	6,217,805	6,337,805	6,235,133	102,672
Health and welfare	9,465	9,465	404	9,061
Public assistance	101,341	101,341	123,112	(21,771)
Education	63,372	63,372	53,732	9,640
Culture and recreation	1,045,738	1,045,738	397,922	647,816
Public ways and facilities	126,755	126,755	36,815	89,940
Debt service:				
Costs of issuance	-	-	124,671	(124,671)
Capital outlay	-	-	349,897	(349,897)
Total Expenditures	12,913,667	13,658,667	10,947,856	2,710,811
Excess of Revenues Over (Under) Expenditures	(3,440,322)	(3,585,322)	(2,276,320)	1,309,002
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	-	131,744	131,744
Debt proceeds (Pension Obligation Bonds)	-	-	9,299,403	9,299,403
Payment of pension UAAL from debt proceeds	-	-	(9,174,732)	(9,174,732)
Transfers in	1,945,593	2,065,593	2,087,069	21,476
Transfers out	(211,327)	(211,327)	(368,109)	(156,782)
Total Other Financing Sources (Uses)	1,734,266	1,854,266	1,975,375	121,109
Net Change in Fund Balances	(1,706,056)	(1,731,056)	(300,945)	1,430,111
Fund Balances - Beginning	1,984,557	1,984,557	1,984,557	-
Fund Balances - Ending	\$ 278,501	\$ 253,501	\$ 1,683,612	\$ 1,430,111

The County of Sierra issued pension obligation bonds to pay off the Unfunded Actuarial Accrued Liability (UAAL) in the current fiscal year. For purposes of the budgetary comparison schedule, the UAAL payoff is presented as other financing uses.

COUNTY OF SIERRA
Required Supplementary Information
Budgetary Comparison Schedule
Road - Major Special Revenue Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Licenses, permits, and franchises	\$ -	\$ -	\$ 3,305	\$ 3,305
Intergovernmental	7,757,840	8,672,179	3,628,243	(5,043,936)
Use of money and property	-	-	50	50
Charges for services	350,000	350,000	623,104	273,104
Other revenues	5,000	5,000	-	(5,000)
Total Revenues	8,112,840	9,027,179	4,254,702	(4,772,477)
EXPENDITURES				
Current:				
Public ways and facilities	9,021,199	9,021,199	5,140,994	3,880,205
Debt service:				
Principal	1,999	1,999	-	1,999
Costs of issuance	-	-	42,389	(42,389)
Capital outlay	-	-	177,476	(177,476)
Total Expenditures	9,023,198	9,023,198	5,360,859	3,662,339
Excess of Revenues Over (Under) Expenditures	(910,358)	3,981	(1,106,157)	(1,110,138)
OTHER FINANCING SOURCES (USES)				
Debt proceeds (Pension Obligation Bonds)	-	-	3,161,835	3,161,835
Payment of pension UAAL from debt proceeds	-	-	(3,119,446)	(3,119,446)
Transfers in	-	-	9,163	9,163
Transfers out	(837)	(837)	(166,754)	(165,917)
Total Other Financing Sources (Uses)	(837)	(837)	(115,202)	(114,365)
Net Change in Fund Balances	(911,195)	3,144	(1,221,359)	(1,224,503)
Fund Balances - Beginning	(286,884)	(286,884)	(286,884)	-
Fund Balances - Ending	\$ (1,198,079)	\$ (283,740)	\$ (1,508,243)	\$ (1,224,503)

The County of Sierra issued pension obligation bonds to pay off the Unfunded Actuarial Accrued Liability (UAAL) in the current fiscal year. For purposes of the budgetary comparison schedule, the UAAL payoff is presented as other financing uses.

COUNTY OF SIERRA
Required Supplementary Information
Budgetary Comparison Schedule
Human Services - Major Special Revenue Fund
For the Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 3,124,721	\$ 3,124,721	\$ 3,916,222	\$ 791,501
Use of money	4,000	4,000	10,294	6,294
Charges for services	-	-	213	213
Other revenues	148,000	148,000	4,681	(143,319)
Total Revenues	<u>3,276,721</u>	<u>3,276,721</u>	<u>3,931,410</u>	<u>654,689</u>
EXPENDITURES				
Current:				
Public assistance	3,633,952	3,633,952	2,797,899	836,053
Debt Service:				
Costs of issuance	-	-	22,429	(22,429)
Capital outlay	-	-	39,700	(39,700)
Total Expenditures	<u>3,633,952</u>	<u>3,633,952</u>	<u>2,860,028</u>	<u>836,053</u>
Excess of Revenues Over (Under) Expenditures	<u>(357,231)</u>	<u>(357,231)</u>	<u>1,071,382</u>	<u>1,490,742</u>
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	-	6,804	6,804
Debt proceeds (Pension Obligation Bonds)	-	-	1,673,019	1,673,019
Payment of pension UAAL from debt proceeds	-	-	(1,650,590)	(1,650,590)
Transfers in	2,109,962	2,109,962	39,641	(2,070,321)
Transfers out	(2,109,962)	(2,109,962)	(240,625)	1,869,337
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(171,751)</u>	<u>(171,751)</u>
Net Change in Fund Balances	<u>(357,231)</u>	<u>(357,231)</u>	<u>899,631</u>	<u>1,318,991</u>
Fund Balances - Beginning	<u>7,832,853</u>	<u>7,832,853</u>	<u>7,832,853</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 7,475,622</u>	<u>\$ 7,475,622</u>	<u>\$ 8,732,484</u>	<u>\$ 1,318,991</u>

The County of Sierra issued pension obligation bonds to pay off the Unfunded Actuarial Accrued Liability (UAAL) in the current fiscal year. For purposes of the budgetary comparison schedule, the UAAL payoff is presented as other financing uses.

COUNTY OF SIERRA
Required Supplementary Information
Budgetary Comparison Schedule
Public Health and Drug Programs - Major Special Revenue Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 7,464,689	\$ 7,464,689	\$ 4,806,138	\$ (2,658,551)
Use of money	80,895	80,895	81,468	573
Charges for services	270,602	270,602	136,177	(134,425)
Other revenues	2,000	2,000	12,981	10,981
Total Revenues	7,818,186	7,818,186	5,036,764	(2,781,422)
EXPENDITURES				
Current:				
Health and welfare	7,016,667	8,074,280	6,083,684	1,990,596
Debt Service:				
Costs of issuance	-	-	51,172	(51,172)
Capital outlay	-	-	13,609	(13,609)
Total Expenditures	7,016,667	8,074,280	6,148,465	1,925,815
Excess of Revenues Over (Under) Expenditures	801,519	(256,094)	(1,111,701)	(855,607)
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	-	13,609	13,609
Debt proceeds (Pension Obligation Bonds)	-	-	3,816,990	3,816,990
Payment of pension UAAL from debt proceeds	-	-	(3,765,818)	(3,765,818)
Transfers in	3,964,660	4,312,368	167,755	(4,144,613)
Transfers out	(6,977,144)	(6,977,144)	(144,724)	6,832,420
Total Other Financing Sources (Uses)	(3,012,484)	(2,664,776)	87,812	2,752,588
Net Change in Fund Balances	(2,210,965)	(2,920,870)	(1,023,889)	1,896,981
Fund Balances - Beginning	9,047,488	9,047,488	9,047,488	-
Fund Balances - Ending	\$ 6,836,523	\$ 6,126,618	\$ 8,023,599	\$ 1,896,981

The County of Sierra issued pension obligation bonds to pay off the Unfunded Actuarial Accrued Liability (UAAL) in the current fiscal year. For purposes of the budgetary comparison schedule, the UAAL payoff is presented as other financing uses.

COUNTY OF SIERRA
Required Supplementary Information
Note to Budgetary Comparison Schedules
For the Year Ended June 30, 2022

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, 2022

	Special Revenue	Debt Service	Totals
ASSETS			
Cash and investments	\$ 2,538,672	\$ 109,109	\$ 2,647,781
Receivables:			
Accounts	-	57,408	57,408
Taxes	1,531	-	1,531
Intergovernmental	373,414	-	373,414
Deposits	-	775	775
Due from other funds	327,554	-	327,554
	\$ 3,241,171	\$ 167,292	\$ 3,408,463
LIABILITIES			
Accounts payable	\$ 40,128	\$ -	\$ 40,128
Due to other funds	70,308	-	70,308
	110,436	-	110,436
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	147,886	-	147,886
	147,886	-	147,886
FUND BALANCES			
Restricted	2,994,056	167,292	3,161,348
Unassigned	(11,207)	-	(11,207)
	2,982,849	167,292	3,150,141
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,241,171	\$ 167,292	\$ 3,408,463

COUNTY OF SIERRA
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue	Debt Service	Totals
REVENUES			
Taxes and assessments	\$ 76,036	\$ -	\$ 76,036
Fines and forfeitures	23,522	-	23,522
Intergovernmental	2,832,440	-	2,832,440
Use of money and property	800	-	800
Charges for services	325,457	-	325,457
Other revenues	194,763	131,452	326,215
Total Revenues	3,453,018	131,452	3,584,470
EXPENDITURES			
Current:			
General government	553,925	-	553,925
Public protection	286,375	-	286,375
Public ways and facilities	26,318	-	26,318
Debt service:			
Principal	-	623,000	623,000
Interest and other charges	-	21,482	21,482
Capital outlay	117,227	-	117,227
Total Expenditures	983,845	644,482	1,628,327
Excess of Revenues Over (Under) Expenditures	2,469,173	(513,030)	1,956,143
OTHER FINANCING SOURCES (USES)			
Transfers in	50,103	617,077	667,180
Transfers out	(2,043,069)	-	(2,043,069)
Total Other Financing Sources (Uses)	(1,992,966)	617,077	(1,375,889)
Net Change in Fund Balances	476,207	104,047	580,254
Fund Balances - Beginning	2,506,642	63,245	2,569,887
Fund Balances - Ending	\$ 2,982,849	\$ 167,292	\$ 3,150,141

Nonmajor Governmental Funds

- **Special Revenue Funds**

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COUNTY OF SIERRA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2022

	<u>Fish and Game</u>	<u>Aviation</u>	<u>Predator Control</u>	<u>Clerk Recorder</u>	<u>Court Fines</u>
ASSETS					
Cash and investments	\$ 8,834	\$ -	\$ 605	\$ 90,499	\$ 56,996
Receivables:					
Taxes	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total Assets	<u>\$ 8,834</u>	<u>\$ -</u>	<u>\$ 605</u>	<u>\$ 90,499</u>	<u>\$ 56,996</u>
LIABILITIES					
Accounts payable	\$ -	\$ 118	\$ -	\$ 17,210	\$ -
Due to other funds	-	10,308	-	-	-
Total Liabilities	<u>-</u>	<u>10,426</u>	<u>-</u>	<u>17,210</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted	8,834	-	605	73,289	56,996
Unassigned	-	(10,426)	-	-	-
Total Fund Balances	<u>8,834</u>	<u>(10,426)</u>	<u>605</u>	<u>73,289</u>	<u>56,996</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 8,834</u>	<u>\$ -</u>	<u>\$ 605</u>	<u>\$ 90,499</u>	<u>\$ 56,996</u>

Law Enforcement	Board of Supervisors	Fire Safe	Tax Related Costs Trust	Office of Emergency Services	Special Districts Under the Board	Totals
\$ 1,708,186	\$ 153,663	\$ 190,413	\$ 39,950	\$ 214,129	\$ 75,397	\$ 2,538,672
-	-	-	-	-	1,531	1,531
296,029	-	30,000	-	47,385	-	373,414
-	327,554	-	-	-	-	327,554
<u>\$ 2,004,215</u>	<u>\$ 481,217</u>	<u>\$ 220,413</u>	<u>\$ 39,950</u>	<u>\$ 261,514</u>	<u>\$ 76,928</u>	<u>\$ 3,241,171</u>
\$ 6,849	\$ 2,096	\$ 5,563	\$ 4,050	\$ 2,904	\$ 1,338	\$ 40,128
-	-	-	-	60,000	-	70,308
6,849	2,096	5,563	4,050	62,904	1,338	110,436
147,886	-	-	-	-	-	147,886
147,886	-	-	-	-	-	147,886
1,849,480	479,121	214,850	35,900	198,610	76,371	2,994,056
-	-	-	-	-	(781)	(11,207)
1,849,480	479,121	214,850	35,900	198,610	75,590	2,982,849
<u>\$ 2,004,215</u>	<u>\$ 481,217</u>	<u>\$ 220,413</u>	<u>\$ 39,950</u>	<u>\$ 261,514</u>	<u>\$ 76,928</u>	<u>\$ 3,241,171</u>

COUNTY OF SIERRA
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2022

	Fish and Game	Aviation	Predator Control	Clerk Recorder	Court Fines
REVENUES					
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	4,019	-	-	-	1,502
Intergovernmental	-	35,750	66	-	-
Use of money and property	-	-	-	-	-
Charges for services	-	-	-	283,631	-
Other revenues	600	-	-	2,818	-
Total Revenues	4,619	35,750	66	286,449	1,502
EXPENDITURES					
Current:					
General government	1,501	-	-	286,901	-
Public protection	-	-	120	-	-
Public ways and facilities	-	18,724	-	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	1,501	18,724	120	286,901	-
Excess of Revenues Over (Under) Expenditures	3,118	17,026	(54)	(452)	1,502
OTHER FINANCING SOURCES (USES)					
Transfers in	-	10,000	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	10,000	-	-	-
Net Change in Fund Balances	3,118	27,026	(54)	(452)	1,502
Fund Balances - Beginning	5,716	(37,452)	659	73,741	55,494
Fund Balances - Ending	\$ 8,834	\$ (10,426)	\$ 605	\$ 73,289	\$ 56,996

Law Enforcement	Board of Supervisors	Fire Safe	Tax Related Costs Trust	Office of Emergency Services	Special Districts Under the Board	Totals
\$ -	\$ -	\$ -	\$ 1,650	\$ -	\$ 74,386	\$ 76,036
2,333	15,668	-	-	-	-	23,522
2,254,765	291,843	117,581	-	132,435	-	2,832,440
68	623	105	-	-	4	800
35,413	-	-	6,413	-	-	325,457
186,217	1,500	-	2,314	500	814	194,763
<u>2,478,796</u>	<u>309,634</u>	<u>117,686</u>	<u>10,377</u>	<u>132,935</u>	<u>75,204</u>	<u>3,453,018</u>
-	173,333	-	26,123	-	66,067	553,925
106,757	-	50,753	-	128,745	-	286,375
-	7,594	-	-	-	-	26,318
107,882	-	-	-	-	9,345	117,227
<u>214,639</u>	<u>180,927</u>	<u>50,753</u>	<u>26,123</u>	<u>128,745</u>	<u>75,412</u>	<u>983,845</u>
<u>2,264,157</u>	<u>128,707</u>	<u>66,933</u>	<u>(15,746)</u>	<u>4,190</u>	<u>(208)</u>	<u>2,469,173</u>
-	20,000	-	17,500	-	2,603	50,103
(1,922,923)	(119,510)	-	-	-	(636)	(2,043,069)
<u>(1,922,923)</u>	<u>(99,510)</u>	<u>-</u>	<u>17,500</u>	<u>-</u>	<u>1,967</u>	<u>(1,992,966)</u>
341,234	29,197	66,933	1,754	4,190	1,759	476,207
1,508,246	449,924	147,917	34,146	194,420	73,831	2,506,642
<u>\$ 1,849,480</u>	<u>\$ 479,121</u>	<u>\$ 214,850</u>	<u>\$ 35,900</u>	<u>\$ 198,610</u>	<u>\$ 75,590</u>	<u>\$ 2,982,849</u>

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Nonmajor Governmental Funds

- **Debt Service Fund**

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**COUNTY OF SIERRA
Combining Balance Sheet
Nonmajor Debt Service Fund
June 30, 2022**

	Debt Service	Totals
ASSETS		
Cash and investments	\$ 109,109	\$ 109,109
Receivables:		
Accounts	57,408	57,408
Deposits	775	775
Total Assets	\$ 167,292	\$ 167,292
LIABILITIES		
Accounts payable	\$ -	\$ -
Total Liabilities	-	-
FUND BALANCE		
Restricted	167,292	167,292
Total Fund Balance	167,292	167,292
Total Liabilities and Fund Balance	\$ 167,292	\$ 167,292

COUNTY OF SIERRA
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Debt Service Fund
For the Year Ended June 30, 2022

	Debt Service	Totals
REVENUES		
Other revenues	\$ 131,452	\$ 131,452
Total Revenues	131,452	131,452
EXPENDITURES		
Debt service:		
Principal	623,000	623,000
Interest and other charges	21,482	21,482
Total Expenditures	644,482	644,482
Excess of Revenues Over (Under) Expenditures	(513,030)	(513,030)
OTHER FINANCING SOURCES (USES)		
Transfers in	617,077	617,077
Total Other Financing Sources (Uses)	617,077	617,077
Net Change in Fund Balance	104,047	104,047
Fund Balance - Beginning	63,245	63,245
Fund Balance - Ending	\$ 167,292	\$ 167,292

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, 2022

	Co. Service Area #1	Co. Service Area #2	Co. Service Area #3	Co. Service Area #4
ASSETS				
Cash and investments	\$ -	\$ 63,293	\$ -	\$ 7,868
Receivables:				
Taxes	54	568	324	30
Total Assets	\$ 54	\$ 63,861	\$ 324	\$ 7,898
LIABILITIES				
Accounts payable	\$ 69	\$ 32	\$ 1,090	\$ 42
Total Liabilities	69	32	1,090	42
FUND BALANCES				
Restricted	-	63,829	-	7,856
Unassigned	(15)	-	(766)	-
Total Fund Balances	(15)	63,829	(766)	7,856
Total Liabilities and Fund Balances	\$ 54	\$ 63,861	\$ 324	\$ 7,898

Co. Service Area #5	Verdi Fire Zone	Totals
\$ 3,816	\$ 420	\$ 75,397
555	-	1,531
<u>\$ 4,371</u>	<u>\$ 420</u>	<u>\$ 76,928</u>
\$ 105	\$ -	\$ 1,338
105	-	1,338
4,266	420	76,371
-	-	(781)
<u>4,266</u>	<u>420</u>	<u>75,590</u>
<u>\$ 4,371</u>	<u>\$ 420</u>	<u>\$ 76,928</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, 2022

	<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	\$ 11,616	\$ 29,385	\$ 16,913	\$ 2,237
Use of money and property	-	-	-	-
Other revenues	-	-	-	-
Total Revenues	<u>11,616</u>	<u>29,385</u>	<u>16,913</u>	<u>2,237</u>
EXPENDITURES				
Current:				
General government	13,279	20,007	17,525	3,013
Capital outlay	-	9,345	-	-
Total Expenditures	<u>13,279</u>	<u>29,352</u>	<u>17,525</u>	<u>3,013</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,663)</u>	<u>33</u>	<u>(612)</u>	<u>(776)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,782	-	821	-
Transfers out	(18)	(373)	(231)	(11)
Total Other Financing Sources (Uses)	<u>1,764</u>	<u>(373)</u>	<u>590</u>	<u>(11)</u>
Net Change in Fund Balances	101	(340)	(22)	(787)
Fund Balances - Beginning	<u>(116)</u>	<u>64,169</u>	<u>(744)</u>	<u>8,643</u>
Fund Balances - Ending	<u>\$ (15)</u>	<u>\$ 63,829</u>	<u>\$ (766)</u>	<u>\$ 7,856</u>

Co. Service Area #5	Verdi Fire Zone	Totals
\$ 14,235	\$ -	\$ 74,386
-	4	4
814	-	814
<u>15,049</u>	<u>4</u>	<u>75,204</u>
12,243	-	66,067
-	-	9,345
<u>12,243</u>	<u>-</u>	<u>75,412</u>
<u>2,806</u>	<u>4</u>	<u>(208)</u>
-	-	2,603
(3)	-	(636)
<u>(3)</u>	<u>-</u>	<u>1,967</u>
2,803	4	1,759
<u>1,463</u>	<u>416</u>	<u>73,831</u>
<u>\$ 4,266</u>	<u>\$ 420</u>	<u>\$ 75,590</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, 2022

	Transit	Total
ASSETS		
Current Assets:		
Receivables:		
Intergovernmental	\$ 187,040	\$ 187,040
Total Current Assets	187,040	187,040
Noncurrent Assets:		
Capital Assets :		
Depreciable, net	52,279	52,279
Total Noncurrent Assets	52,279	52,279
Total Assets	239,319	239,319
LIABILITIES		
Current Liabilities:		
Due to other funds	118,229	118,229
Total Current Liabilities	118,229	118,229
Total Liabilities	118,229	118,229
NET POSITION		
Investment in capital assets	52,279	52,279
Unrestricted	68,811	68,811
Total Net Position	\$ 121,090	\$ 121,090

COUNTY OF SIERRA
Combining Statement of Revenues, Expenses and
Changes in Net Position
Nonmajor Proprietary Fund
For the Year Ended June 30, 2022

	Transit	Total
OPERATING REVENUES		
Passenger fares	\$ 18,421	\$ 18,421
Total Operating Revenues	18,421	18,421
OPERATING EXPENSES		
Purchased transportation	160,921	160,921
Administration	2,994	2,994
Depreciation	37,975	37,975
Total Operating Expenses	201,890	201,890
Operating Income (Loss)	(183,469)	(183,469)
NON-OPERATING REVENUES (EXPENSES)		
Intergovernmental	241,964	241,964
Interest income	(3,236)	(3,236)
Total Non-Operating Revenues (Expenses)	238,728	238,728
Change in Net Position	55,259	55,259
Total Net Position - Beginning	65,831	65,831
Total Net Position - Ending	\$ 121,090	\$ 121,090

COUNTY OF SIERRA
Combining Statement of Cash Flows
Nonmajor Proprietary Fund
For the Year Ended June 30, 2022

	Transit	Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 18,421	\$ 18,421
Payments to suppliers	(163,915)	(163,915)
	(145,494)	(145,494)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Intergovernmental revenue received	102,924	102,924
Interfund loans received	118,229	118,229
Interfund loans repaid	(72,423)	(72,423)
	148,730	148,730
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	(3,236)	(3,236)
	(3,236)	(3,236)
Net Cash Provided (Used) by Investing Activities	(3,236)	(3,236)
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)	\$ (183,469)	\$ (183,469)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	37,975	37,975
	(145,494)	(145,494)
Net Cash Provided (Used) by Operating Activities	\$ (145,494)	\$ (145,494)

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