

**COUNTY OF SIERRA,
CALIFORNIA**



**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2023**

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COUNTY OF SIERRA
Annual Financial Report
For the Year Ended June 30, 2023

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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, 2023

ELECTED OFFICIALS

Supervisor, District 1	Lee Adams
Supervisor, District 2	Lila Heuer
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, 2023, 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, 2023, 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 the 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 information, County OPEB Plan information, and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information 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

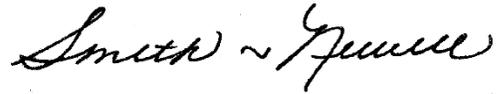
Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, 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 8, 2024, 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 8, 2024

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

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**Sierra County
Management's Discussion and Analysis
For the Year Ended June 30, 2023**

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

As management of Sierra County, we offer readers of the County of Sierra's financial statements this narrative overview and analysis of the financial activities of Sierra County for the fiscal year ended June 30, 2023.

Financial Highlights

- ❖ The County of Sierra's assets exceeded its liabilities at the close of the most recent fiscal year by \$7,230,250 (net position). Of this amount (\$32,460,106) (negative unrestricted net position) was available to meet the County's ongoing obligations to citizens and creditors.

The County's total net position decreased compared to prior year due to the recognition of the cumulative effect of a change in the net pension liability and related deferred inflows and outflows.

- ❖ At the close of the current fiscal year, the County's combined (all Government funds) ending fund balance was \$22,716,683. This was an increase of \$2,635,090 in comparison with the prior year. Approximately 96% of this total amount, or \$21,236,541, 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 \$1,635,208.

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. Internal Service Funds that provide insurance coverage, computer software acquisition and vehicle replacement are also included in governmental activities.

**Sierra County
Management's Discussion and Analysis
For the Year Ended June 30, 2023**

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 67) 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, the Sierra Brooks Water Fund, both which are major funds, and the Transit Fund, a nonmajor fund. These funds are reported separately in the Proprietary Fund financial statements.

**Sierra County
Management's Discussion and Analysis
For the Year Ended June 30, 2023**

The basic Proprietary Fund financial statements can be found on pages 21-24 of this report.

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

The basic Fiduciary Fund Financial Statement can be found on pages 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 27-61 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 62-71 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 72-79 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 \$7,230,250 at the close of the 2022/2023 fiscal year.

By far the largest portion of the County's net position (249.04%) 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, 2023**

County of Sierra's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets:						
Current & Other Assets	\$ 28,797,817	\$ 26,708,312	\$ 1,669,097	\$ 1,614,405	\$ 30,466,914	\$ 28,322,717
Capital assets	13,676,027	13,163,690	4,857,533	6,522,269	18,533,560	19,685,959
Total Assets	<u>42,473,844</u>	<u>39,872,002</u>	<u>6,526,630</u>	<u>8,136,674</u>	<u>49,000,474</u>	<u>48,008,676</u>
Deferred Outflows of Resources:						
Pension adjustments	16,931,215	22,754,580	137,694	270,619	17,068,909	23,025,199
OPEB adjustments	321,913	410,296	-	-	321,913	410,296
Total Deferred Outflows of Resources	<u>17,253,128</u>	<u>23,164,876</u>	<u>137,694</u>	<u>270,619</u>	<u>17,390,822</u>	<u>23,435,495</u>
Liabilities:						
Other Liabilities	3,690,788	3,984,544	84,510	74,211	3,775,298	4,058,755
Long-term liabilities	29,964,490	35,296,128	6,098,057	6,030,711	36,062,547	41,326,839
Total Liabilities	<u>33,655,278</u>	<u>39,280,672</u>	<u>6,182,567</u>	<u>6,104,922</u>	<u>39,837,845</u>	<u>45,385,594</u>
Deferred Inflows of Resources:						
Pension adjustments	18,789,310	14,347,380	157,843	179,210	18,947,153	14,526,590
OPEB adjustments	376,048	157,033	-	-	376,048	157,033
Total Deferred Inflows of Resources	<u>19,165,358</u>	<u>14,504,413</u>	<u>157,843</u>	<u>179,210</u>	<u>19,323,201</u>	<u>14,683,623</u>
Net Position:						
Net Investment in Capital Assets	13,640,776	13,101,873	4,365,481	4,518,024	18,006,257	17,619,897
Restricted	21,684,099	21,523,728	-	-	21,684,099	21,523,728
Unrestricted	(28,418,539)	(25,373,808)	(4,041,567)	(2,394,863)	(32,460,106)	(27,768,671)
Total Net Position	<u>\$ 6,906,336</u>	<u>\$ 9,251,793</u>	<u>\$ 323,914</u>	<u>\$ 2,123,161</u>	<u>\$ 7,230,250</u>	<u>\$ 11,374,954</u>

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

The County's total net position decreased by (\$4,144,704). The primary cause for the decrease resulted from the increase in the pension liability. This pension liability will be paid over many years (see note to the financial statements of pension liability).

**Sierra County
Management's Discussion and Analysis
For the Year Ended June 30, 2023**

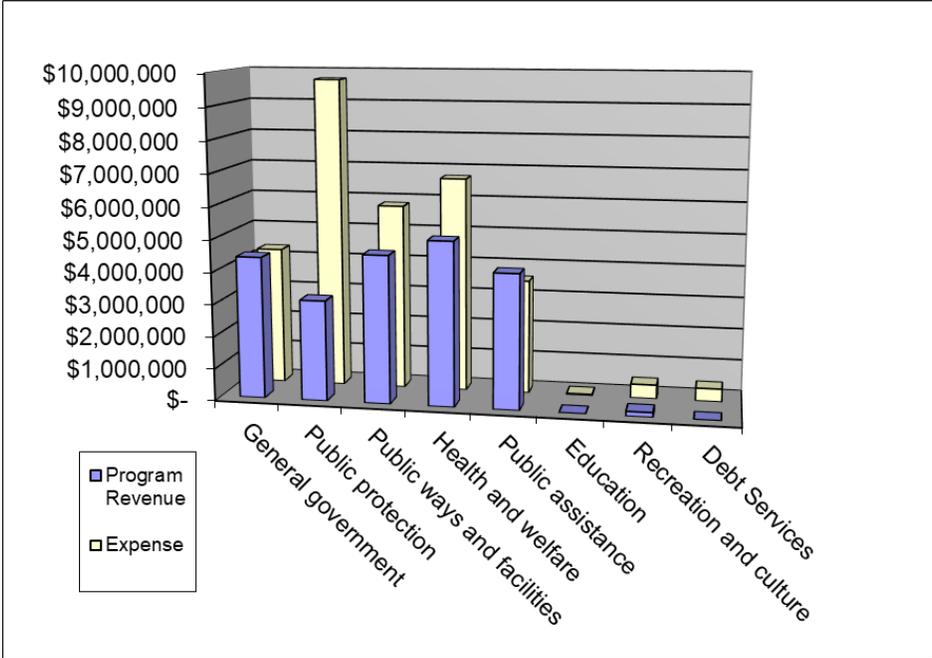
Governmental Activities. Governmental activities decreased the County's net position by (\$2,345,457). Key elements of this decrease are as follows:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for Services	\$ 4,014,551	\$ 3,307,363	\$ 1,215,502	\$ 1,046,330	\$ 5,230,053	\$ 4,353,693
Operating Grants & Contributions	17,139,034	16,929,863	215,327	281,964	17,354,361	17,211,827
Capital Grants	410,556	684,665	-	2,821	410,556	687,486
General Revenues:						
Property Taxes	4,163,876	4,002,525	177,453	173,501	4,341,329	4,176,026
Sales & Use Taxes	236,649	622,300	-	-	236,649	622,300
Other Taxes	494,825	505,115	-	-	494,825	505,115
Miscellaneous Revenues	1,749,463	651,585	-	200	1,749,463	651,785
Unrestricted Interest	398,307	229,220	23,637	15,246	421,944	244,466
Total revenues	28,607,261	26,932,636	1,631,919	1,520,062	30,239,180	28,452,698
Expenditures						
General Government	4,308,526	5,710,750	-	-	4,308,526	5,710,750
Public Protection	9,706,145	5,897,659	-	-	9,706,145	5,897,659
Health & Welfare	6,699,490	7,122,589	-	-	6,699,490	7,122,589
Public Assistance	3,557,557	3,351,580	-	-	3,557,557	3,351,580
Education	36,851	105,271	-	-	36,851	105,271
Recreation & Cultural Services	432,421	412,734	-	-	432,421	412,734
Public Ways & Facilities	5,799,108	6,776,469	-	-	5,799,108	6,776,469
Interest on Long-Term Debt	400,862	262,340	-	-	400,862	262,340
Solid Waste	-	-	2,761,662	1,265,483	2,761,662	1,265,483
Sierra Brooks Water	-	-	389,681	541,602	389,681	-
Transit	-	-	237,722	201,890	237,722	201,890
Total Expenses	30,940,960	29,639,392	3,389,065	2,008,975	34,330,025	31,106,765
Excess (Deficiency) Over Expenses	(2,333,699)	(2,706,756)	(1,757,146)	(488,913)	(4,090,845)	(2,654,067)
Transfers	(11,758)	7,527	11,758	(7,527)	-	-
Change in Net Position	(2,345,457)	(2,699,229)	(1,745,388)	(496,440)	(4,090,845)	(2,654,067)
Net Position - Prior Year	9,251,793	11,951,022	2,123,161	2,619,601	11,374,954	14,570,623
Prior period adjustment	-	-	(53,859)	-	(53,859)	-
Net Position - Current Year	\$ 6,906,336	\$ 9,251,793	\$ 323,914	\$ 2,123,161	\$ 7,230,250	\$ 11,916,556

- ❖ Property taxes increased by \$161,351 (4.0%) during the year. Sales tax decreased by \$385,651.
- ❖ Contributions from others and Capital Grants are up primarily from increase in State programs, and Road and Park projects.

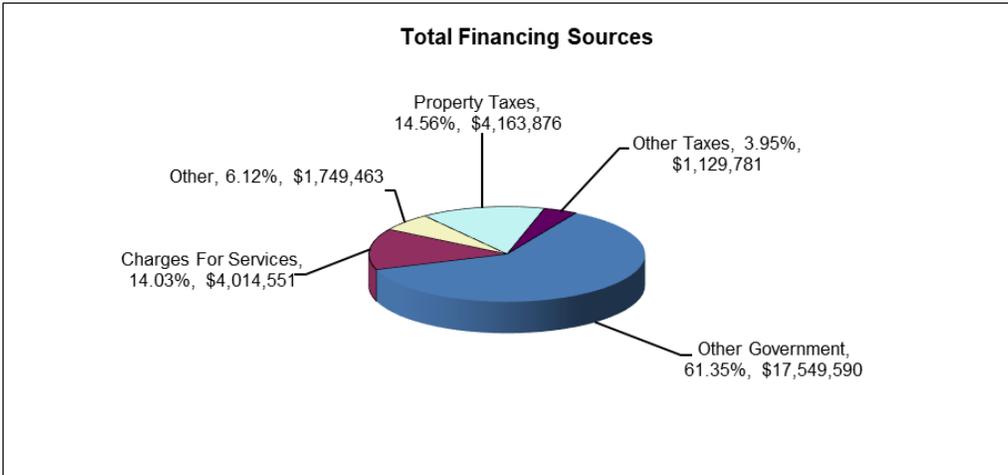
**Sierra County
Management’s Discussion and Analysis
For the Year Ended June 30, 2023**

Expenses and Program Revenues – Governmental Activities



	Program Revenues	Expenses
General government	\$ 4,414,338	\$ 4,308,526
Public protection	3,130,807	9,706,145
Public ways and facilities	4,600,993	5,799,108
Health and welfare	5,091,600	6,699,490
Public assistance	4,181,538	3,557,557
Education	1,068	36,851
Recreation and culture	143,797	432,421
Debt Services	-	400,862

Revenues by Source (in millions) – Governmental Activities



**Sierra County
Management's Discussion and Analysis
For the Year Ended June 30, 2023**

The largest portion of revenue received by the County comes from Federal and State sources (approximately 61.35%). The second largest source comes from taxes (14.56%). 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 receive 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.

The Sierra Brooks Water fund consists of water services to the residents of the Sierra Brooks region.

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the County of Sierra's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County of Sierra's governmental funds reported combined ending fund balances of \$20,081,593, which is available for spending on going operation, an increase of \$2,635,090 from the prior year. Approximately (1.7%) of this total amount, (\$375,916), constitutes unassigned fund balance. The remaining fund balance of \$23,092,599 is nonspendable and restricted to indicate that it is available for specific programs and projects. Most of the restricted 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.

The General fund is the general operating fund of the County of Sierra. The General fund balance increased by \$1,325,930 during the 2022/23 fiscal year. This was caused by operating revenues exceeding expenditures. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance to total fund expenditures. Unassigned fund balance represents 16.07% of total General fund expenditures, while total of all fund's unassigned balance represents (1.4%) of all governmental funds' fund balances.

At the end of the current fiscal year, the Road Fund had a fund balance of (\$1,907,965), while nonspendable fund balance was \$97,800, 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 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 \$9,867,692.

**Sierra County
Management’s Discussion and Analysis
For the Year Ended June 30, 2023**

At the end of the current fiscal year, the Public Health and Drug Programs fund had a balance of \$7,770,725.

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 a deficit of (\$2,568,374). The deficit in the Solid Waste is the reason 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

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

Capital Asset and Debt Administration

Capital Assets. The County of Sierra’s investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounts to \$19,941,421 (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.

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

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 1,055,098	\$ 1,055,098	\$ 122,124	\$ 122,124	\$ 1,177,222	\$ 1,177,222
Building and System	3,022,198	3,198,989	4,487,048	4,651,774	7,509,246	7,850,763
Machinery and Equipment	1,094,751	897,793	248,361	275,178	1,343,112	1,172,971
Infrastructure	6,622,176	6,840,457	-	-	6,622,176	6,840,457
Right to Use Leased Assets	35,186	61,380	-	-	35,186	61,380
Construction in Progress	1,814,605	1,077,960	-	1,473,193	1,814,605	2,551,153
Historical Treasures	32,013	32,013	-	-	32,013	32,013
Total	\$ 13,676,027	\$ 13,163,690	\$ 4,857,533	\$ 6,522,269	\$ 18,533,560	\$ 19,685,959

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 bonded debt outstanding of \$23,575,389. The debt consist of capital leases, landfill closure/postclosure costs, compensated absences and a pension bond.

**Sierra County
Management’s Discussion and Analysis
For the Year Ended June 30, 2023**

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Pension Obligation Bond	\$ 17,001,221	\$ 17,951,247	\$ 210,424	\$ 222,183	\$ 17,211,645	\$ 18,173,430
Special Assessment Bond	-	-	1,965,245	2,004,245	1,965,245	2,004,245
Other (leases, comp balances & landfill closure)	558,386	584,126	3,840,113	3,620,481	4,398,499	4,204,607
Total	\$ 17,559,607	\$ 18,535,373	\$ 6,015,782	\$ 5,846,909	\$ 23,575,389	\$ 24,382,282

The County of Sierra’s total debt decreased by (\$806,893) (3.31%) during the current fiscal year. The key factor in this decrease was payments made on the debt.

Additional information on the County of Sierra’s long-term debt can be found in Note 6, 7, and 8 on pages 45-48 of this report.

Economic Factors Which Impacted Budget

All of the factors listed below were considered in preparing the County of Sierra’s budget for the 2022-2023 fiscal year.

- ❖ The unemployment rate for the County of Sierra is currently 4.2% (6-30-2023), which is no change from a year ago. This compares to the state’s average unemployment rate of 4.6%.

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, 2023

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and investments	\$ 21,698,441	\$ 872,424	\$ 22,570,865
Receivables:			
Accounts	57,408	1,308	58,716
Taxes	213,397	24,598	237,995
Intergovernmental	3,605,665	165,333	3,770,998
Prepaid costs	3,078,986	-	3,078,986
Deposits	775	-	775
Inventory	97,800	-	97,800
Internal balances	45,345	(45,345)	-
Restricted cash and investments	-	650,779	650,779
Capital assets:			
Non-depreciable	2,901,716	122,124	3,023,840
Depreciable, net	10,774,311	4,735,409	15,509,720
Total capital assets	<u>13,676,027</u>	<u>4,857,533</u>	<u>18,533,560</u>
Total Assets	<u>42,473,844</u>	<u>6,526,630</u>	<u>49,000,474</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension adjustments	16,931,215	137,694	17,068,909
Deferred OPEB adjustments	321,913	-	321,913
Total Deferred Outflows of Resources	<u>17,253,128</u>	<u>137,694</u>	<u>17,390,822</u>
LIABILITIES			
Accounts payable	568,257	47,245	615,502
Salaries and benefits payable	1,346,775	25,350	1,372,125
Accrued interest	-	11,915	11,915
Due to external agencies	79,112	-	79,112
Accrued claims liability	1,696,644	-	1,696,644
Long-term liabilities:			
Due within one year	2,289,548	61,245	2,350,793
Due in more than one year	15,270,059	5,954,537	21,224,596
Net pension liability	10,670,673	82,275	10,752,948
Net OPEB liability	1,734,210	-	1,734,210
Total Liabilities	<u>33,655,278</u>	<u>6,182,567</u>	<u>39,837,845</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension adjustments	18,789,310	157,843	18,947,153
Deferred OPEB adjustments	376,048	-	376,048
Total Deferred Inflows of Resources	<u>19,165,358</u>	<u>157,843</u>	<u>19,323,201</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, 2023

	Governmental Activities	Business-Type Activities	Totals
NET POSITION			
Net investment in capital assets	\$ 13,640,776	\$ 4,365,481	\$ 18,006,257
Restricted for:			
General government	274,719	-	274,719
Public protection	3,781,997	-	3,781,997
Health and welfare	7,759,691	-	7,759,691
Public assistance	9,867,692	-	9,867,692
Unrestricted	(28,418,539)	(4,041,567)	(32,460,106)
Total Net Position	\$ 6,906,336	\$ 323,914	\$ 7,230,250

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, 2023

<u>Functions/Programs:</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 4,308,526	\$ 2,662,312	\$ 1,752,026	\$ -
Public protection	9,706,145	187,894	2,941,882	1,031
Health and welfare	6,699,490	195,387	4,896,213	-
Public assistance	3,557,557	-	4,181,538	-
Education	36,851	1,068	-	-
Culture and recreation	432,421	-	143,797	-
Public ways and facilities	5,799,108	967,890	3,223,578	409,525
Interest on long-term debt	400,862	-	-	-
Total Governmental Activities	30,940,960	4,014,551	17,139,034	410,556
Business-type activities:				
Solid waste	2,761,662	1,062,097	30,000	-
Sierra Brooks Water	389,681	137,084	632	-
Transit	237,722	16,321	184,695	-
Total Business-Type Activities	3,389,065	1,215,502	215,327	-
Total	\$ 34,330,025	\$ 5,230,053	\$ 17,354,361	\$ 410,556

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
- Gain on sale of capital asset

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Prior period adjustment

Net Position - Beginning, Restated

Net Position - Ending

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

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

Governmental Activities	Business- Type Activities	Totals
\$ 105,812	\$ -	\$ 105,812
(6,575,338)	-	(6,575,338)
(1,607,890)	-	(1,607,890)
623,981	-	623,981
(35,783)	-	(35,783)
(288,624)	-	(288,624)
(1,198,115)	-	(1,198,115)
(400,862)	-	(400,862)
<u>(9,376,819)</u>	<u>-</u>	<u>(9,376,819)</u>
-	(1,669,565)	(1,669,565)
-	(251,965)	(251,965)
-	(36,706)	(36,706)
<u>-</u>	<u>(1,958,236)</u>	<u>(1,958,236)</u>
<u>(9,376,819)</u>	<u>(1,958,236)</u>	<u>(11,335,055)</u>
4,163,876	177,453	4,341,329
236,649	-	236,649
436,710	-	436,710
24,894	-	24,894
8,574	-	8,574
24,647	-	24,647
398,307	23,637	421,944
1,726,348	-	1,726,348
23,115	-	23,115
(11,758)	11,758	-
<u>7,031,362</u>	<u>212,848</u>	<u>7,244,210</u>
<u>(2,345,457)</u>	<u>(1,745,388)</u>	<u>(4,090,845)</u>
9,251,793	2,123,161	11,374,954
-	(53,859)	(53,859)
<u>9,251,793</u>	<u>2,069,302</u>	<u>11,321,095</u>
<u>\$ 6,906,336</u>	<u>\$ 323,914</u>	<u>\$ 7,230,250</u>

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Basic Financial Statements

- **Fund Financial Statements**

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COUNTY OF SIERRA
Balance Sheet
Governmental Funds
June 30, 2023

	<u>General</u>	<u>Road</u>	<u>Human Services</u>	<u>Public Health and Drug Programs</u>
ASSETS				
Cash and investments	\$ 1,967,535	\$ 2,599	\$ 9,720,552	\$ 7,947,334
Receivables:				
Accounts	-	-	-	-
Taxes	211,421	-	-	-
Intergovernmental	420,529	1,631,257	311,412	1,052,979
Prepaid costs	3,070,978	-	-	-
Deposits	-	-	-	-
Inventory	-	97,800	-	-
Due from other funds	107,458	-	-	-
Total Assets	<u>\$ 5,777,921</u>	<u>\$ 1,731,656</u>	<u>\$10,031,964</u>	<u>\$ 9,000,313</u>
LIABILITIES				
Accounts payable	\$ 229,938	\$ 142,405	\$ 19,652	\$ 119,478
Salaries and benefits payable	642,692	202,196	144,620	357,267
Accrued claims liability	1,696,644	-	-	-
Due to other funds	13,435	1,907,637	-	-
Total Liabilities	<u>2,582,709</u>	<u>2,252,238</u>	<u>164,272</u>	<u>476,745</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	185,670	1,387,383	-	752,843
Total Deferred Inflows of Resources	<u>185,670</u>	<u>1,387,383</u>	<u>-</u>	<u>752,843</u>
FUND BALANCES				
Nonspendable	1,374,334	97,800	-	-
Restricted	-	-	9,867,692	7,770,725
Unassigned	1,635,208	(2,005,765)	-	-
Total Fund Balances (Deficit)	<u>3,009,542</u>	<u>(1,907,965)</u>	<u>9,867,692</u>	<u>7,770,725</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,777,921</u>	<u>\$ 1,731,656</u>	<u>\$10,031,964</u>	<u>\$ 9,000,313</u>

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

Other Governmental Funds	Totals
\$ 2,060,421	\$21,698,441
57,408	57,408
1,976	213,397
189,488	3,605,665
8,008	3,078,986
775	775
-	97,800
<u>1,852,427</u>	<u>1,959,885</u>
<u>\$ 4,170,503</u>	<u>\$30,712,357</u>
\$ 56,784	\$ 568,257
-	1,346,775
-	1,696,644
<u>72,580</u>	<u>1,993,652</u>
<u>129,364</u>	<u>5,605,328</u>
<u>64,450</u>	<u>2,390,346</u>
<u>64,450</u>	<u>2,390,346</u>
8,008	1,480,142
3,974,040	21,612,457
<u>(5,359)</u>	<u>(375,916)</u>
<u>3,976,689</u>	<u>22,716,683</u>
<u>\$ 4,170,503</u>	<u>\$30,712,357</u>

COUNTY OF SIERRA
Reconciliation of the Governmental Funds Balance
Sheet to the Government-Wide Statement of
Net Position - Governmental Activities
June 30, 2023

Total Fund Balances - Total Governmental Funds	\$ 22,716,683
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.	13,640,841
Right to use capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	35,186
Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenues in the governmental funds.	2,390,346
Deferred outflows of resources related to pension and OPEB are not reported in the governmental funds.	17,253,128
Deferred inflows of resources related to pension and OPEB are not reported in the governmental funds.	(19,165,358)
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	
Bonds payable	(17,001,221)
Right-to-use lease payable	(35,251)
Compensated absences	(523,135)
Net pension liability	(10,670,673)
Net OPEB liability	(1,734,210)
Net Position of Governmental Activities	<u>\$ 6,906,336</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, 2023

	General	Road	Human Services	Public Health and Drug Programs
REVENUES				
Taxes and assessments	\$ 4,815,994	\$ -	\$ 151	\$ -
Licenses, permits, and franchises	89,380	4,776	-	-
Fines and forfeitures	35,434	-	-	-
Intergovernmental	1,501,875	3,868,955	4,181,538	4,907,247
Use of money and property	253,684	20	24,504	122,806
Charges for services	2,528,629	877,527	2,502	192,116
Other revenues	242,682	1,485	4,711	47,412
Total Revenues	9,467,678	4,752,763	4,213,406	5,269,581
EXPENDITURES				
Current:				
General government	2,549,376	-	-	-
Public protection	6,774,698	-	-	-
Health and welfare	2,814	-	-	5,592,003
Public assistance	130,306	-	2,950,057	-
Education	36,847	-	-	-
Culture and recreation	366,053	-	-	-
Public ways and facilities	135,405	3,701,405	-	-
Debt service:				
Principal	26,566	-	-	-
Interest and other charges	87	-	-	-
Capital outlay	152,636	1,484,357	32,961	32,961
Total Expenditures	10,174,788	5,185,762	2,983,018	5,624,964
Excess of Revenues Over (Under) Expenditures	(707,110)	(432,999)	1,230,388	(355,383)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	-	24,115	-	-
Transfers in	2,468,962	63,310	299,000	486,799
Transfers out	(435,922)	(54,148)	(394,180)	(384,290)
Total Other Financing Sources (Uses)	2,033,040	33,277	(95,180)	102,509
Net Change in Fund Balances	1,325,930	(399,722)	1,135,208	(252,874)
Fund Balances - Beginning (Deficit)	1,683,612	(1,508,243)	8,732,484	8,023,599
Fund Balances - Ending (Deficit)	\$ 3,009,542	\$ (1,907,965)	\$ 9,867,692	\$ 7,770,725

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

Other Governmental Funds	Totals
\$ 83,202	\$ 4,899,347
-	94,156
37,141	72,575
3,313,160	17,772,775
(2,707)	398,307
271,693	3,872,467
<u>1,430,058</u>	<u>1,726,348</u>
<u>5,132,547</u>	<u>28,835,975</u>
446,628	2,996,004
332,082	7,106,780
-	5,594,817
-	3,080,363
-	36,847
-	366,053
8,892	3,845,702
950,026	976,592
400,775	400,862
<u>106,307</u>	<u>1,809,222</u>
<u>2,244,710</u>	<u>26,213,242</u>
<u>2,887,837</u>	<u>2,622,733</u>
-	24,115
35,000	3,353,071
<u>(2,096,289)</u>	<u>(3,364,829)</u>
<u>(2,061,289)</u>	<u>12,357</u>
826,548	2,635,090
<u>3,150,141</u>	<u>20,081,593</u>
<u>\$ 3,976,689</u>	<u>\$22,716,683</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, 2023

Net Change in Fund Balances - Total Governmental Funds \$ 2,635,090

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	1,809,222
Less current year depreciation/amortization	(1,279,238)
Various adjustments	(16,647)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal. This is the net cost of capital assets disposed. Proceeds from the sale of capital assets was \$24,115.

(1,000)

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	976,592
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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	(251,829)
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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	(5,823,365)
Change in deferred inflows of resources related to pension	(4,441,930)
Change in deferred outflows of resources related to OPEB	(88,383)
Change in deferred inflows of resources related to OPEB	(219,015)

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	(826)
Change in net pension liability	4,086,937
Change in net OPEB liability	268,935

Change in Net Position of Governmental Activities \$ (2,345,457)

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, 2023

	Business-Type Activities			Totals
	Enterprise Funds			
	Major Funds	Nonmajor		
	Solid Waste	Sierra Brooks Water	Transit	
ASSETS				
Current Assets:				
Cash and investments	\$ 701,181	\$ 171,243	\$ -	\$ 872,424
Receivables:				
Accounts	-	1,308	-	1,308
Taxes	22,274	2,324	-	24,598
Intergovernmental	76,805	-	88,528	165,333
Due from other funds	43,183	-	-	43,183
Total Current Assets	843,443	174,875	88,528	1,106,846
Noncurrent Assets:				
Restricted cash and investments	650,779	-	-	650,779
Capital Assets:				
Non-depreciable	122,124	-	-	122,124
Depreciable, net	211,227	4,496,216	27,966	4,735,409
Total Noncurrent Assets	984,130	4,496,216	27,966	5,508,312
Total Assets	1,827,573	4,671,091	116,494	6,615,158
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension adjustments	99,912	37,782	-	137,694
Total Deferred Outflows of Resources	99,912	37,782	-	137,694
LIABILITIES				
Current Liabilities:				
Accounts payable	41,354	5,891	-	47,245
Salaries and benefits payable	20,911	4,439	-	25,350
Accrued interest	-	11,915	-	11,915
Due to other funds	-	-	88,528	88,528
Bonds payable	16,095	45,150	-	61,245
Total Current Liabilities	78,360	67,395	88,528	234,283
Noncurrent Liabilities:				
Bonds payable	140,374	1,974,050	-	2,114,424
Closure/postclosure liability	3,840,113	-	-	3,840,113
Net pension liability	59,700	22,575	-	82,275
Total Noncurrent Liabilities	4,040,187	1,996,625	-	6,036,812
Total Liabilities	4,118,547	2,064,020	88,528	6,271,095
DEFERRED INFLOWS OF RESOURCES				
Deferred pension adjustments	114,533	43,310	-	157,843
Total Deferred Inflows of Resources	114,533	43,310	-	157,843
NET POSITION				
Net investment in capital assets	333,351	2,530,971	27,966	2,892,288
Unrestricted	(2,638,946)	70,572	-	(2,568,374)
Total Net Position (Deficit)	\$ (2,305,595)	\$ 2,601,543	\$ 27,966	\$ 323,914

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, 2023

	Business-Type Activities			Totals
	Enterprise Funds			
	Major Funds	Nonmajor		
	Solid Waste	Sierra Brooks Water	Transit	
OPERATING REVENUES				
Charges for services	\$ 1,062,097	\$ 137,084	\$ -	\$ 1,199,181
Passenger fares	-	-	16,321	16,321
Total Operating Revenues	<u>1,062,097</u>	<u>137,084</u>	<u>16,321</u>	<u>1,215,502</u>
OPERATING EXPENSES				
Salaries and benefits	248,213	44,280	-	292,493
Services and supplies	2,481,807	139,915	-	2,621,722
Purchased transportation	-	-	176,321	176,321
Administration	-	-	37,088	37,088
Depreciation	31,642	170,753	24,313	226,708
Total Operating Expenses	<u>2,761,662</u>	<u>354,948</u>	<u>237,722</u>	<u>3,354,332</u>
Operating Income (Loss)	<u>(1,699,565)</u>	<u>(217,864)</u>	<u>(221,401)</u>	<u>(2,138,830)</u>
NON-OPERATING REVENUES (EXPENSES)				
Taxes and assessments	1,274	176,179	-	177,453
Intergovernmental	30,000	632	184,695	215,327
Interest income	24,748	1,448	(2,559)	23,637
Interest expense	-	(34,733)	-	(34,733)
Total Non-Operating Revenues (Expenses)	<u>56,022</u>	<u>143,526</u>	<u>182,136</u>	<u>381,684</u>
Income (Loss) Before Transfers	<u>(1,643,543)</u>	<u>(74,338)</u>	<u>(39,265)</u>	<u>(1,757,146)</u>
Transfers in	8,743	3,015	-	11,758
Change in Net Position	<u>(1,634,800)</u>	<u>(71,323)</u>	<u>(39,265)</u>	<u>(1,745,388)</u>
Total Net Position - Beginning (Deficit)	<u>(670,795)</u>	<u>2,672,866</u>	<u>121,090</u>	<u>2,123,161</u>
Prior period adjustment	-	-	(53,859)	(53,859)
Total Net Position - Beginning, Restated (Deficit)	<u>(670,795)</u>	<u>2,672,866</u>	<u>67,231</u>	<u>2,069,302</u>
Total Net Position - Ending (Deficit)	<u>\$ (2,305,595)</u>	<u>\$ 2,601,543</u>	<u>\$ 27,966</u>	<u>\$ 323,914</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, 2023

	Business-Type Activities			Totals
	Enterprise Funds			
	Major Funds	Nonmajor		
	Solid Waste	Sierra Brooks Water	Transit	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 1,062,097	\$ 137,084	\$ 16,321	\$ 1,215,502
Payments to suppliers	(776,451)	(141,940)	(213,409)	(1,131,800)
Payments to employees	(243,404)	(39,265)	-	(282,669)
Net Cash Provided (Used) by Operating Activities	<u>42,242</u>	<u>(44,121)</u>	<u>(197,088)</u>	<u>(198,967)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Taxes received	(28)	175,477	229,348	404,797
Intergovernmental revenue received	(13,914)	632	-	(13,282)
Transfers from other funds	8,743	3,015	-	11,758
Interfund loans made	(43,183)	-	-	(43,183)
Interfund loans received	-	-	88,528	88,528
Interfund loans repaid	-	-	(118,229)	(118,229)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(48,382)</u>	<u>179,124</u>	<u>199,647</u>	<u>330,389</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(35,165)	-	-	(35,165)
Principal paid on capital debt	(8,744)	(42,015)	-	(50,759)
Interest paid on capital debt	-	(34,733)	-	(34,733)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(43,909)</u>	<u>(76,748)</u>	<u>-</u>	<u>(120,657)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	24,748	1,448	(2,559)	23,637
Net Cash Provided (Used) by Investing Activities	<u>24,748</u>	<u>1,448</u>	<u>(2,559)</u>	<u>23,637</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(25,301)	59,703	-	34,402
Balances - Beginning	1,377,261	111,540	-	1,488,801
Balances - Ending	<u>\$ 1,351,960</u>	<u>\$ 171,243</u>	<u>\$ -</u>	<u>\$ 1,523,203</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, 2023

	Business-Type Activities			Totals
	Enterprise Funds			
	Major Funds	Nonmajor		
	Solid Waste	Sierra Brooks Water	Transit	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (1,699,565)	\$ (217,864)	\$ (221,401)	\$ (2,138,830)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	31,642	170,753	24,313	226,708
Decrease (increase) in:				
Pension adjustments - deferred outflows	101,501	31,424	-	132,925
Increase (decrease) in:				
Accounts payable	12,531	(2,025)	-	10,506
Salaries and benefits payable	(747)	540	-	(207)
Pension adjustments - deferred inflows	(18,847)	(2,520)	-	(21,367)
Net pension liability	(77,098)	(24,429)	-	(101,527)
Closure/postclosure liability	1,692,825	-	-	1,692,825
Net Cash Provided (Used) by Operating Activities	\$ 42,242	\$ (44,121)	\$ (197,088)	\$ (198,967)

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, 2023

	Investment Trust Funds	Custodial Funds	Total Fiduciary Funds
ASSETS			
Cash and investments	\$ 12,857,035	\$ 735,485	\$ 13,592,520
Receivables:			
Taxes	-	427,059	427,059
Intergovernmental	15,000	8,217	23,217
Due from external parties	-	79,112	79,112
	12,872,035	1,249,873	14,121,908
LIABILITIES			
Accounts payable	78,317	78,684	157,001
	78,317	78,684	157,001
NET POSITION			
Restricted for individuals, organizations, and other governments	12,793,718	1,171,189	13,964,907
	\$ 12,793,718	\$ 1,171,189	\$ 13,964,907

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, 2023

	Investment Trust Funds	Custodial Funds	Total Fiduciary Funds
ADDITIONS			
Property taxes collected for other governments	\$ 4,124,965	\$ 662,534	\$ 4,787,499
Contributions to pooled investments	9,081,527	622,436	9,703,963
Net investment earnings	212,192	894,981	1,107,173
Total Additions	<u>13,418,684</u>	<u>2,179,951</u>	<u>15,598,635</u>
DEDUCTIONS			
Property taxes distributed to other governments	912,178	435,901	1,348,079
Distributions from pooled investments	11,148,489	1,758,548	12,907,037
Total Deductions	<u>12,060,667</u>	<u>2,194,449</u>	<u>14,255,116</u>
Net Increase (Decrease) in Fiduciary Net Position	1,358,017	(14,498)	1,343,519
Total Net Position - Beginning	<u>11,435,701</u>	<u>1,185,687</u>	<u>12,621,388</u>
Total Net Position - Ending	<u><u>\$ 12,793,718</u></u>	<u><u>\$ 1,171,189</u></u>	<u><u>\$ 13,964,907</u></u>

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

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Basic Financial Statements

- **Notes to Basic Financial Statements**

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COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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, 2023

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, 2023

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, 2023

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 and their equity in the County Treasurer's investment pool, to be cash equivalents.

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.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Investments (Continued)

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, 2023, 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 \$650,779 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.

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.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Other Assets (Continued)

Prepaid Costs

Payments made for services that will benefit periods beyond June 30, 2023 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.

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

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Property Tax (Continued)

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 \$197,043 at June 30, 2023. 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 a custodial 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.

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.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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, 2022
Measurement Period	June 30, 2021 to June 30, 2022

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, 2022
Measurement Period	June 30, 2021 to June 30, 2022

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.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Deferred Outflows/Inflows of Resources (Continued)

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. 91, Conduit Debt Obligations. This statement improves the comparability of financial reporting for issuers by eliminating the option to recognize a liability for a conduit debt obligation.

Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. This statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions.

Statement No. 96, Subscription-Based Information Technology Arrangements. This statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The definition and uniform guidance will result in greater consistency in practice.

Statement No. 99, Omnibus 2022. This statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Future Accounting Pronouncements

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

Statement No. 99 “Omnibus 2022” The requirements of this statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023. (FY 23/24)

Statement No. 100 “Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62” The requirements of this statement are effective for fiscal years beginning after June 15, 2023. (FY 23/24)

Statement No. 101 “Compensated Absences” The requirements of this statement are effective for fiscal years beginning after December 15, 2023. (FY 24/25)

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Restatement of Net Position

Adjustments resulting from errors or a change to comply with provisions of the accounting standards are treated as adjustments to prior periods. Accordingly, the County reports these changes as restatements of beginning net position. During the current year the County reported a prior period adjustment to change a prior year estimate of intergovernmental receivables.

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

	Business-Type Activities
Net Position, June 30, 2022 as previously reported	\$ 2,123,161
Adjustment associated with:	
Correction of prior year estimate of intergovernmental receivables	(53,859)
Total Adjustments	(53,859)
Net Position, July 1, 2022 as restated	\$ 2,069,302

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

	Other Enterprise Funds
Net Position, June 30, 2022 as previously reported	\$ 121,090
Adjustment associated with:	
Correction of prior year estimate of intergovernmental receivables	(53,859)
Total Adjustments	(53,859)
Net Position, July 1, 2022 as restated	\$ 67,231

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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

B. 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 \$1,907,965, which is expected to be eliminated in future years through increased revenues.

The following major enterprise fund had a deficit net position:

- The Solid Waste fund had a net position deficit of \$2,305,595, which is expected to be eliminated in future years through increased revenues.

NOTE 3: CASH AND INVESTMENTS

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

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

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 \$12,857,035 at June 30, 2023.

A. Financial Statement Presentation

As of June 30, 2023, the County's cash and investments are reported in the financial statements as follows:

Primary government	\$ 23,221,644
Investment trust funds	12,857,035
Custodial funds	<u>735,485</u>
Total Cash and Investments	<u>\$ 36,814,164</u>

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

A. Financial Statement Presentation (Continued)

As of June 30, 2023, the County's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 40,277
Deposits in Treasurer's Pool (less outstanding checks)	<u>1,403,645</u>
Total Cash	<u>1,443,922</u>
Investments:	
In Treasurer's Pool	<u>35,370,242</u>
Total Investments	<u>35,370,242</u>
Total Cash and Investments	<u>\$ 36,814,164</u>

B. Cash

At year end, the carrying amount of the County's cash deposits (including the amount in a checking account) was \$1,403,645 and the bank balance was \$1,760,100. 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 \$40,277.

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.

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.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

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

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

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

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

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

At June 30, 2023, the County had the following recurring fair value measurements:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level				
Federal Agencies	\$ 7,407,407	\$ -	\$ 7,407,407	\$ -
Medium-Term Corporate Notes	7,786,828	-	7,786,828	-
Supranationals	1,107,041	-	1,107,041	-
U.S. Treasuries	<u>13,029,723</u>	-	<u>13,029,723</u>	-
Total Investments Measured at Fair Value	29,330,999	<u>\$ -</u>	<u>\$29,330,999</u>	<u>\$ -</u>
Investments in External Investment Pools				
LAIF	96,718			
CAMP	<u>5,942,525</u>			
Total Investments	<u>\$ 35,370,242</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.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

As of June 30, 2023, 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	0.250-4.875%	\$ 2,851,779	\$ 4,555,628	\$ 7,407,407	1.38
Medium-Term Corporate Notes	0.350-5.150%	910,170	6,876,658	7,786,828	1.80
Supranationals	0.500-2.500%	609,095	497,946	1,107,041	0.08
U.S. Treasuries	0.125-3.000%	3,193,715	9,836,008	13,029,723	2.74
LAIF	Variable	96,718	-	96,718	-
CAMP	Variable	<u>5,942,525</u>	<u>-</u>	<u>5,942,525</u>	<u>-</u>
Total Investments		<u>\$13,604,002</u>	<u>\$21,766,240</u>	<u>\$35,370,242</u>	<u>1.70</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.

Investment Type	Minimum Legal Rating	Standard & Poor's Rating	Moody's Rating	% of Portfolio
Federal Home Loan Bank	-	AAA	AA+	9.35%
Federal National Mortgage Association	-	AAA	AA+	2.83%
Federal Home Loan Mortgage Corporation	-	AAA	AA+	4.94%
Federal Farm Credit Bank	-	AAA	AA+	3.82%
Medium-Term Corporate Notes	A	A	A1	3.40%
Medium-Term Corporate Notes	A	A	A2	7.15%
Medium-Term Corporate Notes	A	A	A3	0.88%
Medium-Term Corporate Notes	A	A	Aa3	0.97%
Medium-Term Corporate Notes	A	A-	A2	2.66%
Medium-Term Corporate Notes	A	A+	A1	2.54%
Medium-Term Corporate Notes	A	A-	A1	1.71%
Medium-Term Corporate Notes	A	AA	Aa2	0.85%
Medium-Term Corporate Notes	A	A+	A3	1.00%
Medium-Term Corporate Notes	A	A+	Aa3	0.86%
Supranationals	A	Aaa	AAA	3.13%
U.S. Treasuries	-	AAA	AA+	36.84%
LAIF	N/A	NR	NR	16.80%
CAMP	N/A	NR	NR	<u>0.27%</u>
Total				<u>100.00%</u>

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

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 shall be held in the name of the County 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, 2023, that represent 5 percent or more of total County investments are as follows:

<u>Investment Type</u>	<u>Amount Invested</u>	<u>Percentage of Investments</u>
Federal Home Loan Bank	\$ 3,308,710	9.35%

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, 2023, the County's investment in LAIF valued at amortized cost was \$96,718 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 \$178.4 billion. Of that amount, 97.22 percent is invested in non-derivative financial products and 2.78 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, 2023, was \$5,942,525, which approximates fair value.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

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, 2023:

	Internal Participants	External Participants	Total Pool
Statement of Net Position			
Cash on hand	\$ 40,277	\$ -	\$ 40,277
Deposits (less outstanding checks)	1,403,645	-	1,403,645
Investments	22,513,207	12,857,035	35,370,242
Net Position at June 30, 2023	\$ 23,957,129	\$ 12,857,035	\$ 36,814,164
Statement of Changes in Net Position			
Net position at July 1, 2022	\$ 22,035,006	\$ 11,544,620	\$ 33,579,626
Net changes in investments by pool participants	1,922,123	1,312,415	3,234,538
Net Position at June 30, 2023	\$ 23,957,129	\$ 12,857,035	\$ 36,814,164

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Additions	Retirements	Adjustments	Balance June 30, 2023
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,055,098	\$ -	\$ -	\$ -	\$ 1,055,098
Construction in progress	1,077,960	736,645	-	-	1,814,605
Historical treasures	32,013	-	-	-	32,013
Total Capital Assets, Not Being Depreciated	2,165,071	736,645	-	-	2,901,716
Capital Assets, Being Depreciated:					
Infrastructure	20,950,567	502,078	-	-	21,452,645
Structures and improvements	8,742,333	84,033	-	-	8,826,366
Right to use leased buildings	81,783	-	(61,717)	-	20,066
Equipment	9,115,840	486,466	(51,410)	-	9,550,896
Right to use leased equipment	70,374	-	-	-	70,374
Total Capital Assets, Being Depreciated	38,960,897	1,072,577	(113,127)	-	39,920,347
Less Accumulated Depreciation For:					
Infrastructure	(14,110,110)	(720,359)	-	-	(14,830,469)
Structures and improvements	(5,543,344)	(260,824)	-	-	(5,804,168)
Right to use leased buildings	(73,183)	(8,600)	61,717	-	(20,066)
Equipment	(8,218,047)	(271,861)	50,410	(16,647)	(8,456,145)
Right to use leased equipment	(17,594)	(17,594)	-	-	(35,188)
Total Accumulated Depreciation	(27,962,278)	(1,279,238)	112,127	(16,647)	(29,146,036)
Total Capital Assets, Being Depreciated, Net	10,998,619	(206,661)	(1,000)	(16,647)	10,774,311
Governmental Activities Capital Assets, Net	\$ 13,163,690	\$ 529,984	(\$ 1,000)	(\$ 16,647)	\$ 13,676,027

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 4: CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 122,124	\$ -	\$ -	\$ 122,124
Construction in progress	1,473,193	-	(1,473,193)	-
Total Capital Assets, Not Being Depreciated	<u>1,595,317</u>	-	(1,473,193)	<u>122,124</u>
Capital Assets, Being Depreciated:				
Structures and improvements	4,967,902	-	-	4,967,902
Equipment	847,805	35,165	-	882,970
Total Capital Assets, Being Depreciated	<u>5,815,707</u>	<u>35,165</u>	-	<u>5,850,872</u>
Less Accumulated Depreciation For:				
Structures and improvements	(316,128)	(164,726)	-	(480,854)
Equipment	(572,627)	(61,982)	-	(634,609)
Total Accumulated Depreciation	<u>(888,755)</u>	<u>(226,708)</u>	-	<u>(1,115,463)</u>
Total Capital Assets, Being Depreciated, Net	<u>4,926,952</u>	<u>(191,543)</u>	-	<u>4,735,409</u>
Business-Type Activities Capital Assets, Net	<u>\$ 6,522,269</u>	<u>(\$ 191,543)</u>	<u>(\$ 1,473,193)</u>	<u>\$ 4,857,533</u>

Depreciation

Depreciation expense was charged to governmental activities as follows:

General government	\$ 124,707
Public protection	239,073
Health and welfare	18,529
Public assistance	18,099
Culture and recreation	51,474
Public ways and facilities	<u>827,356</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 1,279,238</u>

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

Solid waste	\$ 31,642
Sierra Brooks Water	170,753
Transit	<u>24,313</u>
Total Depreciation Expense – Business-Type Activities	<u>\$ 226,708</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, Gold Lake highway, HSIP guardrail project, and Loyaltan Complex fire road improvements. 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, 2023

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, 2023:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General fund	\$ 107,458	\$ 13,435
Road	-	1,907,637
Nonmajor governmental funds	1,852,427	72,580
Solid Waste	43,183	-
Nonmajor enterprise funds	-	88,528
Custodial funds	<u>79,112</u>	<u>-</u>
Total	<u>\$ 2,082,180</u>	<u>\$ 2,082,180</u>

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, and re-allocations of special revenues. The following are the interfund transfer balances as of June 30, 2023:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 2,468,962	\$ 435,922
Road	63,310	54,148
Human Services	299,000	394,180
Public Health and Drug Programs	486,799	384,290
Nonmajor governmental funds	35,000	2,096,289
Solid Waste	8,743	-
Sierra Brooks Water	<u>3,015</u>	<u>-</u>
Total	<u>\$ 3,364,829</u>	<u>\$ 3,364,829</u>

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2023</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds from direct borrowings	\$ 17,951,247	\$ -	(\$ 950,026)	\$ 17,001,221	\$ 1,748,805
Leases	61,817	-	(26,566)	35,251	17,608
Compensated absences	522,309	602,503	(601,677)	523,135	523,135
Total Governmental Activities	<u>\$ 18,535,373</u>	<u>\$ 602,503</u>	<u>(\$1,578,269)</u>	<u>\$ 17,559,607</u>	<u>\$ 2,289,548</u>
Business-Type Activities					
Bonds from direct borrowings	\$ 2,226,428	\$ -	(\$ 50,759)	\$ 2,175,669	\$ 61,245
Closure/postclosure	3,620,481	219,632	-	3,840,113	-
Total Business-Type Activities	<u>\$ 5,846,909</u>	<u>\$ 219,632</u>	<u>(\$ 50,759)</u>	<u>\$ 6,015,782</u>	<u>\$ 61,245</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, 2023, 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>\$ 17,001,221</u>
Total Bonds from Direct Borrowings	<u>17,001,221</u>
Total Governmental Activities	<u>\$ 17,001,221</u>

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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 cannot be made from the General fund on behalf of the CSA.

\$ 1,965,245

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.

210,424

Total Bonds from Direct Borrowings

2,175,669

Total Business-Type Activities

\$ 2,175,669

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>
2024	\$ 1,748,805	\$ 353,327	\$ 2,102,132
2025	1,772,437	330,506	2,102,943
2026	1,800,797	301,632	2,102,429
2027	1,833,882	267,354	2,101,236
2028	1,871,694	227,773	2,099,467
2029-2032	<u>7,973,606</u>	<u>431,870</u>	<u>8,405,476</u>
Total	<u>\$ 17,001,221</u>	<u>\$ 1,912,462</u>	<u>\$ 18,913,683</u>

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

Business-Type Activities

Year Ended June 30	Bonds from Direct Borrowings		
	Principal	Interest	Totals
2024	\$ 61,245	\$ 38,418	\$ 99,663
2025	62,238	37,437	99,675
2026	63,288	36,368	99,656
2027	64,498	35,219	99,717
2028	65,666	33,992	99,658
2029-2033	322,589	149,690	472,279
2034-2038	244,200	123,874	368,074
2039-2043	266,200	101,562	367,762
2044-2048	290,500	77,218	367,718
2049-2053	316,700	50,671	367,371
2054-2058	245,500	21,717	267,217
2059	73,045	639	73,684
Total	\$ 2,075,669	\$ 706,805	\$ 2,782,474

NOTE 7: LEASES

Right-to-Use Equipment Liability

The County is the lessee under one equipment lease agreement, which meets the lease criteria as defined by GASB Statement No. 87, Leases.

The lease agreement for printers and copiers expires on June 30, 2025. As of June 30, 2023, the County's lease liability was \$35,251. The County is required to make monthly principal and interest payments of \$1,472. The lease has an interest rate of 0.20%. The value of the right-to-use asset and accumulated amortization as of June 30, 2023 were \$70,374 and \$35,188, respectively.

The future principal and lease payments as of June 30, 2023 are as follows:

Year Ended June 30	Governmental Activities		
	Principal	Interest	Total
2024	\$ 17,608	\$ 54	\$ 17,662
2025	17,643	19	17,662
Total	\$ 35,251	\$ 73	\$ 35,324

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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 \$3,840,113 reported as closure/postclosure liability at June 30, 2023, 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 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 2023. 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, 2023, cash and investments of \$650,779 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 \$114,533 per year for the eighteen (18) 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, 2023

NOTE 9: NET POSITION (CONTINUED)

Net Position Restricted by Enabling Legislation

The government-wide Statement of Net Position reports \$21,684,099 of restricted net position, of which \$21,684,099 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, 2023

NOTE 10: FUND BALANCES (CONTINUED)

The fund balances for all major and nonmajor governmental funds as of June 30, 2023, were distributed as follows:

	General Fund	Road	Human Services	Public Health and Drug Programs	Other Governmental Funds	Totals
Nonspendable:						
Prepaid costs (net of claims liability)	\$ 1,374,334	\$ -	\$ -	\$ -	\$ 8,008	\$ 1,382,342
Inventory	-	97,800	-	-	-	97,800
Subtotal	<u>1,374,334</u>	<u>97,800</u>	<u>-</u>	<u>-</u>	<u>8,008</u>	<u>1,480,142</u>
Restricted for:						
Social Service Programs	-	-	9,867,692	-	-	9,867,692
Public Health & Drug Programs	-	-	-	7,770,725	-	7,770,725
Fish and Game	-	-	-	-	6,586	6,586
Aviation	-	-	-	-	5,682	5,682
Predator Control	-	-	-	-	672	672
Clerk Recorder	-	-	-	-	81,282	81,282
Court Fines	-	-	-	-	58,883	58,883
Law Enforcement	-	-	-	-	2,165,802	2,165,802
Board of Supervisors	-	-	-	-	1,115,866	1,115,866
Fire Safe Programs	-	-	-	-	240,643	240,643
Tax Related Costs	-	-	-	-	48,567	48,567
Office of Emergency Services	-	-	-	-	56,100	56,100
Special Districts Under the Board	-	-	-	-	90,284	90,284
Debt Services	-	-	-	-	103,673	103,673
Subtotal	<u>-</u>	<u>-</u>	<u>9,867,692</u>	<u>7,770,725</u>	<u>3,974,040</u>	<u>21,612,457</u>
Unassigned	<u>1,635,208</u>	<u>(2,005,765)</u>	<u>-</u>	<u>-</u>	<u>(5,359)</u>	<u>(375,916)</u>
Total	<u>\$ 3,009,542</u>	<u>(\$1,907,965)</u>	<u>\$9,867,692</u>	<u>\$ 7,770,725</u>	<u>\$ 3,976,689</u>	<u>\$ 22,716,683</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, 2023

NOTE 11: PENSION PLAN

A. General Information about the Pension Plan

Plan Description

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

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

Summary of Rate of Tiers and Eligible Participants

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

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, 2023, 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	52-67	1.000% to 2.500%
Safety	3.0% @ 55	50-55	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, 2023

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	14.03%	8.00%	0.00%
Miscellaneous PEPRA	7.47%	6.75%	0.00%
Safety	21.84%	9.00%	0.00%
Safety County Peace Officer PEPRA	12.78%	13.00%	0.00%

For the year ended June 30, 2023, the contributions recognized as part of pension expense were as follows:

	<u>Contributions-Employer</u>	<u>Contributions-Employee (Paid by Employer)</u>
Miscellaneous	\$ 16,944,484	\$ -
Safety	4,511,190	-

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, 2022, 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, 2021 rolled forward to June 30, 2022 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, 2022 and 2023 was as follows:

	<u>Proportion June 30, 2022</u>	<u>Proportion June 30, 2023</u>	<u>Change- Increase (Decrease)</u>
Miscellaneous	.66578%	.17686%	(.48892%)
Safety	.08492%	.03903%	(.04589%)

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 11: PENSION PLAN (CONTINUED)

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

As of June 30, 2023, 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	\$ 8,275,503
Safety	<u>2,681,653</u>
Total Net Pension Liability	10,957,156
Less: amount allocated to independent entities	(<u>204,208</u>)
Total	<u>\$ 10,752,948</u>

For the year ended June 30, 2023, the County recognized pension expense of \$7,530,654. At June 30, 2023, 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	\$ 1,433,078	\$ -
Change in assumptions	1,118,390	-
Difference between expected and actual experience	277,172	(140,426)
Difference between projected and actual earnings on pension plan investments	1,939,323	-
Difference between County contributions and proportionate share of contributions	12,414,315	(844,195)
Adjustment due to differences in proportions	<u>228,388</u>	<u>(18,354,297)</u>
Total	17,410,666	(19,338,918)
Less: amount allocated to independent entities	(<u>341,757</u>)	<u>391,765</u>
Total	<u>\$ 17,068,909</u>	<u>(\$ 18,947,153)</u>

\$1,433,078 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, 2024. 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>		
2024		(\$ 1,875,835)
2025		(1,584,328)
2026		(1,086,636)
2027		<u>1,185,469</u>
Total		<u>(\$ 3,361,330)</u>

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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 liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Investment Rate of Return	6.90%
Inflation	2.30%
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 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80 percent of Scale MP-2020 published by the Society of Actuaries. For more details, please refer to the CalPERS 2021 experience study that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability for PERFC was 6.90 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

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long-term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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 expected real rates of return by asset class are as follows:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10 (1, 2)</u>
Global Equity – Cap-Weighted	30.0%	4.54%
Global Equity – Non-Cap-Weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	(5.0%)	(0.59%)
Total	<u>100.0%</u>	

(1) An expected price inflation of 2.30% used for this period

(2) Figures are based on the 2021 Asset Liability Management Study

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

The following presents the City’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 City’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:

	1% Decrease <u>5.90%</u>	Discount Rate <u>6.90%</u>	1% Increase <u>7.90%</u>
Miscellaneous	\$ 17,671,217	\$ 8,275,503	\$ 545,161
Safety	5,860,233	2,681,653	83,883

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, 2023

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

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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

A. General Information about the OPEB Plan (Continued)

Benefits Provided (Continued)

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.

Composite: Active or Retiree	Gold	Silver	EPO	HSA
Employee only	\$ 1,015.93	\$ 745.04	\$ 1,204.42	\$ 855.25
Employee +1	2,016.95	1,474.08	2,394.90	1,699.65
Employee + Family	2,653.20	1,947.65	3,148.63	2,241.20

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

Plan Members Covered by Benefit Terms

At June 30, 2023 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><u>105</u></u>

B. Net OPEB Liability

The County's net OPEB liability of \$1,734,210 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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

B. Net OPEB Liability (Continued)

Actuarial Assumptions and Other Inputs

The net OPEB liability in the June 30, 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, 2022)
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 General Obligation 20-year High Grade Municipal Bond Index
Discount rate	4.09% as of June 30, 2022, 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	3.00% per year. Since benefits do not depend on salary, this is used to allocate the cost of benefits between service years to determine the amortization payment component of the Actuarially Determined Contributions.
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

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, 2022	\$ <u>2,003,145</u>
Changes during the period:	
Service cost	127,870
Interest cost	44,506
Changes of assumptions	(262,402)
Benefit payments	(<u>178,909</u>)
Net changes	(<u>268,935</u>)
Balance at Fiscal Year Ending June 30, 2023	\$ <u>1,734,210</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.18 percent to 4.09 percent.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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

C. Changes in the Net OPEB Liability (Continued)

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

The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate:

	1% Decrease 3.09%	Current Rate 4.09%	1% Increase 5.09%
Net OPEB liability	\$ 1,867,998	\$ 1,734,210	\$ 1,607,991

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	\$ 1,573,993	\$ 1,734,210	\$ 1,920,045

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

For the year ended June 30, 2023, the County recognized OPEB expense of \$154,357. At June 30, 2023, 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	\$ 102,244	(\$ 362,919)
Contributions made subsequent to the measurement date	98,758	-
Difference between expected and actual experience	120,911	(13,129)
Total	\$ 321,913	(\$ 376,048)

\$98,758 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	
2024	(\$ 18,019)
2025	(18,019)
2026	(18,019)
2027	(18,019)
2028	(15,328)
Thereafter	(65,489)
	(\$ 152,893)

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 13: DEFERRED COMPENSATION PLAN

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

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

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

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

NOTE 14: RISK MANAGEMENT

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

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

The County also belongs to another larger JPA called 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 2022/2023.

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 \$1,374,334 (net) is included in the General fund as prepaid costs/accrued claims liability.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 14: RISK MANAGEMENT (CONTINUED)

Changes in the County’s claims liability amount for the fiscal years 2021, 2022 and 2023 were as follows:

	<u>Balance at</u> <u>Beginning of</u> <u>Fiscal Year</u>		<u>Current Year</u> <u>Claims and</u> <u>Changes in Estimates</u>		<u>Claims Payments</u>		<u>Balance at</u> <u>End of</u> <u>Fiscal Year</u>
2021	\$ 2,007,929	\$	286,953	(\$	395,828)	\$	1,899,054
2022	1,899,054		430,341	(320,727)		2,008,668
2023	2,008,668	(153,291)	(158,733)		1,696,644

NOTE 15: OTHER INFORMATION

A. Commitments and Contingencies

At June 30, 2023, the County had construction commitments outstanding of approximately \$4,435,164.

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, 2023 through January 8, 2024, the date on which the financial statements were available for issuance. Management has determined no other subsequent events requiring disclosure have occurred.

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**Required Supplementary Information
(Unaudited)**

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COUNTY OF SIERRA
Required Supplementary Information
County Pension Plan
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2023
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 nine years are shown.

2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
0.41358%	0.44128%	0.44868%	0.66578%	0.17686%
\$ 15,586,488	\$ 17,671,040	\$ 18,925,471	\$ 12,641,765	\$ 8,275,503
5,456,647	5,781,297	6,339,886	6,761,490	7,024,484
285.64%	305.66%	298.51%	186.97%	117.81%
72.41%	71.45%	70.38%	80.79%	87.99%
0.07387%	0.07617%	0.07949%	0.08492%	0.03903%
\$ 4,334,167	\$ 4,755,111	\$ 5,296,208	\$ 2,980,242	\$ 2,681,653
923,756	904,302	881,589	880,909	1,013,246
469.19%	525.83%	600.76%	338.31%	264.66%
76.98%	76.57%	75.27%	86.43%	88.35%

COUNTY OF SIERRA
Required Supplementary Information
County Pension Plan
Schedule of Contributions
For the Year Ended June 30, 2023
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 nine years are shown.

<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>	<u>2022/2023</u>
\$ 1,476,955	\$ 1,712,439	\$ 2,189,003	\$ 2,184,103	\$ 1,148,311
<u>(1,476,955)</u>	<u>(1,712,439)</u>	<u>(2,189,003)</u>	<u>(16,944,484)</u>	<u>(1,148,311)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(14,760,381)</u>	<u>\$ -</u>
\$ 5,781,297 25.55%	\$ 6,339,886 27.01%	\$ 6,761,490 32.37%	\$ 7,024,484 241.22%	\$ 7,397,694 15.52%
\$ 351,547	\$ 410,892	\$ 127,930	\$ 536,157	\$ 284,767
<u>(351,547)</u>	<u>(410,892)</u>	<u>(127,930)</u>	<u>(4,511,190)</u>	<u>(284,767)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(3,975,033)</u>	<u>\$ -</u>
\$ 904,302 38.87%	\$ 881,589 46.61%	\$ 880,909 14.52%	\$ 1,013,246 445.22%	\$ 979,565 29.07%

COUNTY OF SIERRA
Required Supplementary Information
County Pension Plan
Notes to County Pension Plan
For the Year Ended June 30, 2023

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, 2021
Actuarial cost method	Individual Entry Age Normal
Amortization method	Level Percentage of Payroll (Pre-2019 basis), Level Dollar
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, 2023
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 six years are shown.

<u>2021/2022</u>	<u>2022/2023</u>
\$ 117,696	\$ 127,870
47,960	44,506
147,573	-
97,368	(262,402)
<u>(185,498)</u>	<u>(178,909)</u>
225,099	(268,935)
<u>1,778,046</u>	<u>2,003,145</u>
<u>\$ 2,003,145</u>	<u>\$ 1,734,210</u>
\$ 7,232,979	\$ 7,638,331
27.69%	22.70%

COUNTY OF SIERRA
Required Supplementary Information
County OPEB Plan
Note to County OPEB Plan
For the Year Ended June 30, 2023

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

Changes of Assumptions

The discount rate was changed from 2.18 percent as of the June 30, 2021 measurement date to 4.09 percent as of the June 30, 2022 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, 2023

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and assessments	\$ 4,429,605	\$ 4,429,605	\$ 4,815,994	\$ 386,389
Licenses, permits, and franchises	158,300	158,300	89,380	(68,920)
Fines and forfeitures	26,000	26,000	35,434	9,434
Intergovernmental	2,445,651	3,045,651	1,501,875	(1,543,776)
Use of money and property	130,000	13,000	253,684	240,684
Charges for services	2,111,412	2,111,412	2,528,629	417,217
Other revenues	172,377	172,377	242,682	70,305
Total Revenues	9,473,345	9,956,345	9,467,678	(488,667)
EXPENDITURES				
Current:				
General government	5,349,494	5,817,409	2,549,376	3,268,033
Public protection	6,217,805	6,337,805	6,774,698	(436,893)
Health and welfare	9,465	9,464	2,814	6,650
Public assistance	101,341	101,341	130,306	(28,965)
Education	63,372	63,372	36,847	26,525
Culture and recreation	1,045,738	1,045,738	366,053	679,685
Public ways and facilities	126,755	126,755	135,405	(8,650)
Debt service:				
Principal	-	-	26,566	(26,566)
Interest and other charges	-	-	87	(87)
Capital outlay	-	-	152,636	(152,636)
Total Expenditures	12,913,970	13,501,884	10,174,788	3,327,096
Excess of Revenues Over (Under) Expenditures	(3,440,625)	(3,545,539)	(707,110)	2,838,429
OTHER FINANCING SOURCES (USES)				
Transfers in	1,945,593	2,065,593	2,468,962	403,369
Transfers out	(211,327)	(368,109)	(435,922)	(67,813)
Total Other Financing Sources (Uses)	1,734,266	1,697,484	2,033,040	335,556
Net Change in Fund Balances	(1,706,359)	(1,848,055)	1,325,930	3,173,985
Fund Balances - Beginning	1,683,612	1,683,612	1,683,612	-
Fund Balances - Ending	\$ (22,747)	\$ (164,443)	\$ 3,009,542	\$ 3,173,985

COUNTY OF SIERRA
Required Supplementary Information
Budgetary Comparison Schedule
Road - Major Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Licenses, permits, and franchises	\$ -	\$ -	\$ 4,776	\$ 4,776
Intergovernmental	7,757,840	8,672,179	3,868,955	(4,803,224)
Use of money and property	-	-	20	20
Charges for services	350,000	350,000	877,527	527,527
Other revenues	5,000	5,000	1,485	(3,515)
Total Revenues	8,112,840	9,027,179	4,752,763	(4,274,416)
EXPENDITURES				
Current:				
Public ways and facilities	8,854,471	8,854,471	3,701,405	5,153,066
Debt service:				
Principal	1,999	-	-	-
Capital outlay	-	1,999	1,484,357	(1,482,358)
Total Expenditures	8,856,470	8,856,470	5,185,762	3,670,708
Excess of Revenues Over (Under) Expenditures	(743,630)	170,709	(432,999)	(603,708)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	24,115	24,115
Transfers in	9,163	9,163	63,310	54,147
Transfers out	(166,728)	(166,728)	(54,148)	112,580
Total Other Financing Sources (Uses)	(157,565)	(157,565)	33,277	190,842
Net Change in Fund Balances	(901,195)	13,144	(399,722)	(412,866)
Fund Balances - Beginning (Deficit)	(1,508,243)	(1,508,243)	(1,508,243)	-
Fund Balances - Ending (Deficit)	\$ (2,409,438)	\$ (1,495,099)	\$ (1,907,965)	\$ (412,866)

COUNTY OF SIERRA
Required Supplementary Information
Budgetary Comparison Schedule
Human Services - Major Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ 151	\$ 151
Intergovernmental	3,124,721	2,766,589	4,181,538	1,414,949
Use of money	4,000	4,000	24,504	20,504
Charges for services	-	-	2,502	2,502
Other revenues	148,000	6,000	4,711	(1,289)
Total Revenues	3,276,721	2,776,589	4,213,406	1,436,817
EXPENDITURES				
Current:				
Public assistance	3,633,952	3,633,952	2,950,057	683,895
Capital outlay	-	-	32,961	(32,961)
Total Expenditures	3,633,952	3,633,952	2,983,018	683,895
Excess of Revenues Over (Under) Expenditures	(357,231)	(857,363)	1,230,388	2,120,712
OTHER FINANCING SOURCES (USES)				
Transfers in	2,109,962	48,618	299,000	250,382
Transfers out	(240,626)	(240,626)	(394,180)	(153,554)
Total Other Financing Sources (Uses)	1,869,336	(192,008)	(95,180)	96,828
Net Change in Fund Balances	1,512,105	(1,049,371)	1,135,208	2,217,540
Fund Balances - Beginning	8,732,484	8,732,484	8,732,484	-
Fund Balances - Ending	\$ 10,244,589	\$ 7,683,113	\$ 9,867,692	\$ 2,217,540

COUNTY OF SIERRA
Required Supplementary Information
Budgetary Comparison Schedule
Public Health and Drug Programs - Major Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 7,464,689	\$ 7,464,689	\$ 4,907,247	\$ (2,557,442)
Use of money	80,895	80,895	122,806	41,911
Charges for services	270,602	270,602	192,116	(78,486)
Other revenues	2,000	2,000	47,412	45,412
Total Revenues	<u>7,818,186</u>	<u>7,818,186</u>	<u>5,269,581</u>	<u>(2,548,605)</u>
EXPENDITURES				
Current:				
Health and welfare	6,997,167	8,054,780	5,592,003	2,462,777
Capital outlay	19,500	19,500	32,961	(13,461)
Total Expenditures	<u>7,016,667</u>	<u>8,074,280</u>	<u>5,624,964</u>	<u>2,449,316</u>
Excess of Revenues Over (Under) Expenditures	<u>801,519</u>	<u>(256,094)</u>	<u>(355,383)</u>	<u>(99,289)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	167,755	167,775	486,799	319,024
Transfers out	(144,724)	(147,463)	(384,290)	(236,827)
Total Other Financing Sources (Uses)	<u>23,031</u>	<u>20,312</u>	<u>102,509</u>	<u>82,197</u>
Net Change in Fund Balances	824,550	(235,782)	(252,874)	(17,092)
Fund Balances - Beginning	<u>8,023,599</u>	<u>8,023,599</u>	<u>8,023,599</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 8,848,149</u>	<u>\$ 7,787,817</u>	<u>\$ 7,770,725</u>	<u>\$ (17,092)</u>

COUNTY OF SIERRA
Required Supplementary Information
Note to Budgetary Comparison Schedules
For the Year Ended June 30, 2023

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, 2023

	Special Revenue	Debt Service	Totals
ASSETS			
Cash and investments	\$ 2,014,931	\$ 45,490	\$ 2,060,421
Receivables:			
Accounts	-	57,408	57,408
Taxes	1,976	-	1,976
Intergovernmental	189,488	-	189,488
Prepaid costs	8,008	-	8,008
Deposits	-	775	775
Due from other funds	1,852,427	-	1,852,427
	\$ 4,066,830	\$ 103,673	\$ 4,170,503
LIABILITIES			
Accounts payable	\$ 56,784	\$ -	\$ 56,784
Due to other funds	72,580	-	72,580
	129,364	-	129,364
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	64,450	-	64,450
	64,450	-	64,450
FUND BALANCES			
Nonspendable	8,008	-	8,008
Restricted	3,870,367	103,673	3,974,040
Unassigned	(5,359)	-	(5,359)
	3,873,016	103,673	3,976,689
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,066,830	\$ 103,673	\$ 4,170,503

COUNTY OF SIERRA
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue	Debt Service	Totals
REVENUES			
Taxes and assessments	\$ 83,202	\$ -	\$ 83,202
Fines and forfeitures	37,141	-	37,141
Intergovernmental	3,313,160	-	3,313,160
Use of money and property	1,281	(3,988)	(2,707)
Charges for services	271,693	-	271,693
Other revenues	56,304	1,373,754	1,430,058
Total Revenues	3,762,781	1,369,766	5,132,547
EXPENDITURES			
Current:			
General government	375,803	70,825	446,628
Public protection	332,082	-	332,082
Public ways and facilities	8,892	-	8,892
Debt service:			
Principal	-	950,026	950,026
Interest and other charges	-	400,775	400,775
Capital outlay	106,307	-	106,307
Total Expenditures	823,084	1,421,626	2,244,710
Excess of Revenues Over (Under) Expenditures	2,939,697	(51,860)	2,887,837
OTHER FINANCING SOURCES (USES)			
Transfers in	35,000	-	35,000
Transfers out	(2,084,530)	(11,759)	(2,096,289)
Total Other Financing Sources (Uses)	(2,049,530)	(11,759)	(2,061,289)
Net Change in Fund Balances	890,167	(63,619)	826,548
Fund Balances - Beginning	2,982,849	167,292	3,150,141
Fund Balances - Ending	\$ 3,873,016	\$ 103,673	\$ 3,976,689

Nonmajor Governmental Funds

- **Special Revenue Funds**

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COUNTY OF SIERRA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023

	<u>Fish and Game</u>	<u>Aviation</u>	<u>Predator Control</u>	<u>Clerk Recorder</u>	<u>Court Fines</u>
ASSETS					
Cash and investments	\$ 6,693	\$ 5,855	\$ 672	\$ 91,604	\$ 58,883
Receivables:					
Taxes	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Prepaid costs	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total Assets	<u>\$ 6,693</u>	<u>\$ 5,855</u>	<u>\$ 672</u>	<u>\$ 91,604</u>	<u>\$ 58,883</u>
LIABILITIES					
Accounts payable	\$ 107	\$ 173	\$ -	\$ 10,322	\$ -
Due to other funds	-	-	-	-	-
Total Liabilities	<u>107</u>	<u>173</u>	<u>-</u>	<u>10,322</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					
Nonspendable	-	-	-	-	-
Restricted	6,586	5,682	672	81,282	58,883
Unassigned	-	-	-	-	-
Total Fund Balances	<u>6,586</u>	<u>5,682</u>	<u>672</u>	<u>81,282</u>	<u>58,883</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,693</u>	<u>\$ 5,855</u>	<u>\$ 672</u>	<u>\$ 91,604</u>	<u>\$ 58,883</u>

Law Enforcement	Board of Supervisors	Fire Safe	Tax Related Costs Trust	Office of Emergency Services	Special Districts Under the Board	Totals
\$ 1,509,494	\$ 167,608	\$ 26,221	\$ 48,868	\$ 14,278	\$ 84,755	\$ 2,014,931
-	-	-	-	-	1,976	1,976
162,599	26,889	-	-	-	-	189,488
-	-	-	-	8,008	-	8,008
559,841	959,900	216,106	-	111,971	4,609	1,852,427
<u>\$ 2,231,934</u>	<u>\$ 1,154,397</u>	<u>\$ 242,327</u>	<u>\$ 48,868</u>	<u>\$ 134,257</u>	<u>\$ 91,340</u>	<u>\$ 4,066,830</u>
\$ 7,324	\$ 26,889	\$ 1,684	\$ 301	\$ 8,178	\$ 1,806	\$ 56,784
6,000	-	-	-	61,971	4,609	72,580
13,324	26,889	1,684	301	70,149	6,415	129,364
37,561	26,889	-	-	-	-	64,450
37,561	26,889	-	-	-	-	64,450
-	-	-	-	8,008	-	8,008
2,181,049	1,100,619	240,643	48,567	56,100	90,284	3,870,367
-	-	-	-	-	(5,359)	(5,359)
2,181,049	1,100,619	240,643	48,567	64,108	84,925	3,873,016
<u>\$ 2,231,934</u>	<u>\$ 1,154,397</u>	<u>\$ 242,327</u>	<u>\$ 48,868</u>	<u>\$ 134,257</u>	<u>\$ 91,340</u>	<u>\$ 4,066,830</u>

COUNTY OF SIERRA
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2023

	Fish and Game	Aviation	Predator Control	Clerk Recorder	Court Fines
REVENUES					
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	486	-	-	-	1,887
Intergovernmental	-	10,000	67	-	-
Use of money and property	-	-	-	-	-
Charges for services	-	-	-	258,352	-
Other revenues	953	-	-	2,785	-
Total Revenues	1,439	10,000	67	261,137	1,887
EXPENDITURES					
Current:					
General government	3,687	-	-	253,144	-
Public protection	-	-	-	-	-
Public ways and facilities	-	8,892	-	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	3,687	8,892	-	253,144	-
Excess of Revenues Over (Under) Expenditures	(2,248)	1,108	67	7,993	1,887
OTHER FINANCING SOURCES (USES)					
Transfers in	-	15,000	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	15,000	-	-	-
Net Change in Fund Balances	(2,248)	16,108	67	7,993	1,887
Fund Balances - Beginning (Deficit)	8,834	(10,426)	605	73,289	56,996
Fund Balances - Ending (Deficit)	\$ 6,586	\$ 5,682	\$ 672	\$ 81,282	\$ 58,883

Law Enforcement	Board of Supervisors	Fire Safe	Tax Related Costs Trust	Office of Emergency Services	Special Districts Under the Board	Totals
\$ -	\$ -	\$ -	\$ 4,658	\$ -	\$ 78,544	\$ 83,202
13,451	21,317	-	-	-	-	37,141
2,183,832	984,900	124,082	-	9,756	523	3,313,160
127	1,152	-	2	-	-	1,281
2,437	-	-	10,904	-	-	271,693
39,230	1,500	-	11,836	-	-	56,304
<u>2,239,077</u>	<u>1,008,869</u>	<u>124,082</u>	<u>27,400</u>	<u>9,756</u>	<u>79,067</u>	<u>3,762,781</u>
-	34,507	-	14,733	-	69,732	375,803
114,821	81,021	98,289	-	37,951	-	332,082
-	-	-	-	-	-	8,892
-	-	-	-	106,307	-	106,307
<u>114,821</u>	<u>115,528</u>	<u>98,289</u>	<u>14,733</u>	<u>144,258</u>	<u>69,732</u>	<u>823,084</u>
<u>2,124,256</u>	<u>893,341</u>	<u>25,793</u>	<u>12,667</u>	<u>(134,502)</u>	<u>9,335</u>	<u>2,939,697</u>
-	20,000	-	-	-	-	35,000
<u>(1,792,687)</u>	<u>(291,843)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,084,530)</u>
<u>(1,792,687)</u>	<u>(271,843)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,049,530)</u>
331,569	621,498	25,793	12,667	(134,502)	9,335	890,167
<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>
<u>\$ 2,181,049</u>	<u>\$ 1,100,619</u>	<u>\$ 240,643</u>	<u>\$ 48,567</u>	<u>\$ 64,108</u>	<u>\$ 84,925</u>	<u>\$ 3,873,016</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, 2023

	Debt Service	Totals
ASSETS		
Cash and investments	\$ 45,490	\$ 45,490
Receivables:		
Accounts	57,408	57,408
Deposits	775	775
Total Assets	\$ 103,673	\$ 103,673
LIABILITIES		
Accounts payable	\$ -	\$ -
Total Liabilities	-	-
FUND BALANCE		
Restricted	103,673	103,673
Total Fund Balance	103,673	103,673
Total Liabilities and Fund Balance	\$ 103,673	\$ 103,673

COUNTY OF SIERRA
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Debt Service Fund
For the Year Ended June 30, 2023

	Debt Service	Totals
REVENUES		
Use of money and property	\$ (3,988)	\$ (3,988)
Other revenues	1,373,754	1,373,754
Total Revenues	1,369,766	1,369,766
EXPENDITURES		
Current:		
General government	70,825	70,825
Debt service:		
Principal	950,026	950,026
Interest and other charges	400,775	400,775
Total Expenditures	1,421,626	1,421,626
Excess of Revenues Over (Under) Expenditures	(51,860)	(51,860)
OTHER FINANCING SOURCES (USES)		
Transfers out	(11,759)	(11,759)
Total Other Financing Sources (Uses)	(11,759)	(11,759)
Net Change in Fund Balance	(63,619)	(63,619)
Fund Balance - Beginning	167,292	167,292
Fund Balance - Ending	\$ 103,673	\$ 103,673

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, 2023

	<u>Co. Service Area No. 1</u>	<u>Co. Service Area No. 2</u>	<u>Co. Service Area No. 3</u>	<u>Co. Service Area No. 4</u>
ASSETS				
Cash and investments	\$ -	\$ 70,394	\$ -	\$ 8,991
Receivables:				
Taxes	332	719	465	44
Due from other funds	-	4,609	-	-
	<u>332</u>	<u>4,609</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 332</u>	<u>\$ 75,722</u>	<u>\$ 465</u>	<u>\$ 9,035</u>
LIABILITIES				
Accounts payable	\$ 128	\$ 144	\$ 1,419	\$ 43
Due to other funds	3,296	-	1,313	-
	<u>3,296</u>	<u>-</u>	<u>1,313</u>	<u>-</u>
Total Liabilities	<u>3,424</u>	<u>144</u>	<u>2,732</u>	<u>43</u>
FUND BALANCES				
Restricted	-	75,578	-	8,992
Unassigned	(3,092)	-	(2,267)	-
	<u>(3,092)</u>	<u>-</u>	<u>(2,267)</u>	<u>-</u>
Total Fund Balances	<u>(3,092)</u>	<u>75,578</u>	<u>(2,267)</u>	<u>8,992</u>
Total Liabilities and Fund Balances	<u>\$ 332</u>	<u>\$ 75,722</u>	<u>\$ 465</u>	<u>\$ 9,035</u>

Co. Service Area No. 5	Verdi Fire Zone	Totals
\$ 4,950	\$ 420	\$ 84,755
416	-	1,976
-	-	4,609
<u>\$ 5,366</u>	<u>\$ 420</u>	<u>\$ 91,340</u>
\$ 72	\$ -	\$ 1,806
-	-	4,609
<u>72</u>	<u>-</u>	<u>6,415</u>
5,294	420	90,284
-	-	(5,359)
<u>5,294</u>	<u>420</u>	<u>84,925</u>
<u>\$ 5,366</u>	<u>\$ 420</u>	<u>\$ 91,340</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, 2023

	<u>Co. Service Area No. 1</u>	<u>Co. Service Area No. 2</u>	<u>Co. Service Area No. 3</u>	<u>Co. Service Area No. 4</u>
REVENUES				
Taxes and assessments	\$ 12,639	\$ 30,706	\$ 17,642	\$ 2,425
Intergovernmental	90	196	126	12
Total Revenues	<u>12,729</u>	<u>30,902</u>	<u>17,768</u>	<u>2,437</u>
EXPENDITURES				
Current:				
General government	<u>15,806</u>	<u>19,153</u>	<u>19,269</u>	<u>1,301</u>
Total Expenditures	<u>15,806</u>	<u>19,153</u>	<u>19,269</u>	<u>1,301</u>
Net Change in Fund Balances	(3,077)	11,749	(1,501)	1,136
Fund Balances - Beginning	<u>(15)</u>	<u>63,829</u>	<u>(766)</u>	<u>7,856</u>
Fund Balances - Ending	<u>\$ (3,092)</u>	<u>\$ 75,578</u>	<u>\$ (2,267)</u>	<u>\$ 8,992</u>

Co. Service Area No. 5	Verdi Fire Zone	Totals
\$ 15,132	\$ -	\$ 78,544
99	-	523
<u>15,231</u>	<u>-</u>	<u>79,067</u>
<u>14,203</u>	<u>-</u>	<u>69,732</u>
<u>14,203</u>	<u>-</u>	<u>69,732</u>
1,028	-	9,335
<u>4,266</u>	<u>420</u>	<u>75,590</u>
<u>\$ 5,294</u>	<u>\$ 420</u>	<u>\$ 84,925</u>

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