

**COUNTY OF SIERRA,
CALIFORNIA**



**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2016**

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**COUNTY OF SIERRA
Annual Financial Report
For the Year Ended June 30, 2016**

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INTRODUCTORY SECTION

- **County Officials**

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COUNTY OF SIERRA
County Officials
For the Year Ended June 30, 2016

ELECTED OFFICIALS

Supervisor, District 1..... Lee Adams
Supervisor, District 2..... Peter W. Huebner
Supervisor, District 3..... Paul Roen
Supervisor, District 4..... Jim Beard
Supervisor, District 5..... Scott A. Schlefstein

Assessor..... Laura Marshall
Auditor/Controller..... Van Maddox
Clerk/Recorder..... Heather Foster
District Attorney..... Lawrence R. Allen
Sheriff/Coroner..... Tim Standley

DEPARTMENT DIRECTORS/ADMINISTRATORS

Agricultural Commissioner..... Tim W. Gibson
Behavioral Health..... Darden Bynum
Child Support Services..... Tex Ritter
Emergency Services - OES Coordinator..... Lee Brown
Emergency Services - Emergency Preparedness Coordinator..... LeTina Vanetti
Environmental Health..... Elizabeth Morgan
Planning Director/Director of Public Works/Director of Transportation..... Tim H. Beals
Probation..... Jeffrey D. Bosworth
Public Health..... Dr. Celia Sutton-Pado
Social Services..... Darden Bynum

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FINANCIAL SECTION

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Sierra, California (County), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2016, 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.

Emphasis of Matter

As described in Note 1R to the financial statements, in 2016, the County implemented Governmental Accounting Standards Board (GASB) Statement Nos. 72, 73, 76 and 79. Our opinion is not modified with respect to these matters.

As described in Note 12B, the net pension liability is measured as of June 30, 2015 and the pension expense is for the measurement period of 2014-2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, County Pension Plans-Schedule of Proportionate Share of the Net Pension Liability, County Pension Plans-Schedule of Contributions, Notes to the County Pension Plans, County OPEB Plan - Schedule of Funding Progress and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section and combining nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 4, 2017, 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 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 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 4, 2017

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

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Sierra County Management's Discussion and Analysis

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

As management of Sierra County, we offer readers of the County of Sierra's financial statement this narrative overview and analysis of the financial activities of Sierra County for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal (pages i-vi).

Financial Highlights

- The County of Sierra's assets exceeded its liabilities at the close of the most recent fiscal year by \$14,754,020 (net position). Of this amount (17,618,933)(negative unrestricted net assets) was available to meet the County's ongoing obligations to citizens and creditors.
The County's total net position increased by \$165,006. The primary causes for the increase resulted from an increase in State funded programs and an increase in local revenues due to a better economy.
- At the close of the current fiscal year, the County's combined (all Government funds) ending fund balance was \$15,018,682. This was an increase of \$1,180,428 in comparison with the prior year. Approximately 94 percent of this total amount or \$14,153,717 is available for spending in the following year's budget.
- Unreserved fund balance for the General Fund at the close of the current fiscal year was \$469,297.

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.

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

The Government-wide Financial Statements can be found on pages 13-14 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 forty six 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 and the Human Services 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 61) has been provided for the general fund to demonstrate compliance with this budget.

The basic Governmental Fund Financial Statements can be found on pages 15-18 of this report.

Proprietary Funds. The County maintains one type of proprietary funds – 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 two enterprise funds. The Solid Waste Fund, a major fund, and the Transit Fund, a nonmajor fund. Both of these funds are reported separately in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 19-22 of this report.

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

The basic Fiduciary Fund Financial Statement can be found on pages 23 and 24 of this report.

Notes to Financial Statements. The notes provide additional information that is essential to fully understand the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-56 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 benefits to its employees. Required Supplementary Information can be found on pages 57-65 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual funds statements and schedules can be found on pages 66-80 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the County of Sierra, assets and deferred outflows exceeded liabilities and deferred inflows by \$14,754,020 at the close of the 2015/2016 Fiscal Year.

By far the largest portion of the County’s net position (124.05%) 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.

County of Sierra's Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Assets: | | | | | | |
| Current & Other Assets | \$ 18,080,091 | \$ 16,687,636 | \$ 1,871,830 | \$ 1,649,878 | \$ 19,951,921 | \$ 18,337,514 |
| Capital assets | 18,573,916 | 18,917,462 | 227,939 | 266,950 | 18,801,855 | 19,184,412 |
| Total Assets | <u>36,654,007</u> | <u>35,605,098</u> | <u>2,099,769</u> | <u>1,916,828</u> | <u>38,753,776</u> | <u>37,521,926</u> |
| Deferred Outflows of Resources: | | | | | | |
| Pension adjustments | 1,529,668 | 1,991,764 | 5,232 | 6,563 | 1,534,900 | 1,998,327 |
| Other Liabilities | | | | | | |
| Other Liabilities | 15,568,579 | 12,916,830 | 85,323 | 77,193 | 15,653,902 | 12,994,023 |
| Long-term liabilities | 4,054,245 | 4,355,765 | 4,922,093 | 3,812,905 | 8,976,338 | 8,168,670 |
| Total Liabilities | <u>19,622,824</u> | <u>17,272,595</u> | <u>5,007,416</u> | <u>3,890,098</u> | <u>24,630,240</u> | <u>21,162,693</u> |
| Deferred Inflows of Resources: | | | | | | |
| Pension adjustments | 910,107 | 3,756,257 | (5,691) | 12,289 | 904,416 | 3,768,546 |
| Net Position: | | | | | | |
| Net Investment in Capital Assets: | 18,073,731 | 18,484,565 | 227,939 | 266,950 | 18,301,670 | 18,751,515 |
| Restricted | 14,071,283 | 12,788,582 | - | - | 14,071,283 | 12,788,582 |
| Unrestricted | (14,494,270) | (14,705,137) | (3,124,663) | (2,245,946) | (17,618,933) | (16,951,083) |
| Total Net Position | <u>\$ (422,987)</u> | <u>\$ (1,916,555)</u> | <u>\$ (3,124,663)</u> | <u>\$ (2,245,946)</u> | <u>\$ (3,547,650)</u> | <u>\$ (4,162,501)</u> |

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

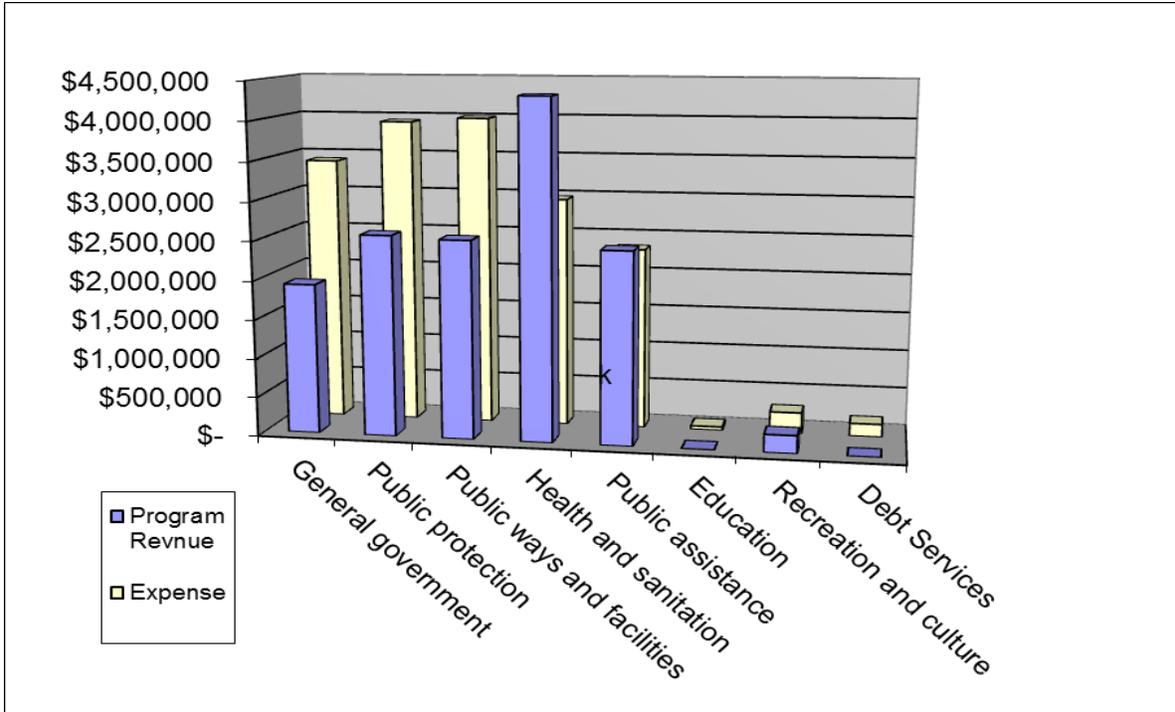
The County's total net position increased by \$165,006. The primary cause for the increase resulted from better than expected state revenues and the improving local economy.

Governmental Activities. Governmental activities increased the County's net position by \$1,082,731. Key elements of this increase are as follows:

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|----------------------|--------------------------|-----------------------|----------------------|----------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Revenues | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 2,221,614 | \$ 2,220,014 | \$ 997,145 | \$ 814,998 | \$ 3,218,759 | \$ 3,035,012 |
| Operating Grants & Contributions | 11,513,723 | 10,937,375 | 179,897 | 258,852 | 11,693,620 | 11,196,227 |
| Capital Grants | 349,226 | 412,548 | - | - | 349,226 | 412,548 |
| General Revenues: | | | | | | |
| Property Taxes | 3,217,481 | 3,232,837 | - | - | 3,217,481 | 3,232,837 |
| Sales & Use Taxes | 147,415 | 127,470 | - | - | 147,415 | 127,470 |
| Other Taxes | 618,754 | 775,075 | 2,935 | 20,081 | 621,689 | 795,156 |
| Unrestricted Interest | 113,910 | 86,463 | 7,826 | 125,509 | 121,736 | 211,972 |
| Total revenues | 18,182,123 | 17,791,782 | 1,187,803 | 1,219,440 | 19,369,926 | 19,011,222 |
| Expenditures | | | | | | |
| General Government | 3,407,590 | 2,415,510 | - | - | 3,407,590 | 2,415,510 |
| Public Protection | 3,926,580 | 4,545,408 | - | - | 3,926,580 | 4,545,408 |
| Health & Sanitation | 2,958,383 | 2,597,398 | - | - | 2,958,383 | 2,597,398 |
| Public Assistance | 2,334,648 | 1,614,966 | - | - | 2,334,648 | 1,614,966 |
| Education | 43,742 | 89,197 | - | - | 43,742 | 89,197 |
| Recreation & Cultural Services | 272,651 | 144,565 | - | - | 272,651 | 144,565 |
| Public Ways & Facilities | 3,983,125 | 3,486,297 | - | - | 3,983,125 | 3,486,297 |
| Interest on Long-Term Debt | 164,093 | 181,885 | - | - | 164,093 | 181,885 |
| Solid Waste | - | - | 1,956,006 | 1,252,997 | 1,956,006 | 1,252,997 |
| Transit | - | - | 158,102 | 154,687 | 158,102 | 154,687 |
| Total Expenses | 17,090,812 | 15,075,226 | 2,114,108 | 1,407,684 | 19,046,818 | 15,075,226 |
| Excess (Deficiency) Over Expenses | 1,091,311 | 2,716,556 | (926,305) | (188,244) | 165,006 | 2,528,312 |
| Transfers | (8,577) | 1,610 | 8,577 | (1,610) | - | - |
| Change in Net Position | 1,082,734 | 2,718,166 | (917,728) | (189,854) | 165,006 | 2,528,312 |
| Prior Period Adjustments | - | (18,042,704) | - | (42,310) | - | (18,085,014) |
| Net Position - Prior Year | 16,568,010 | 31,892,548 | (1,978,996) | (1,746,832) | 14,589,014 | 30,145,716 |
| Net Position - Current Year | \$ 17,650,744 | \$ 16,568,010 | \$ (2,896,724) | \$ (1,978,996) | \$ 14,754,020 | \$ 14,589,014 |

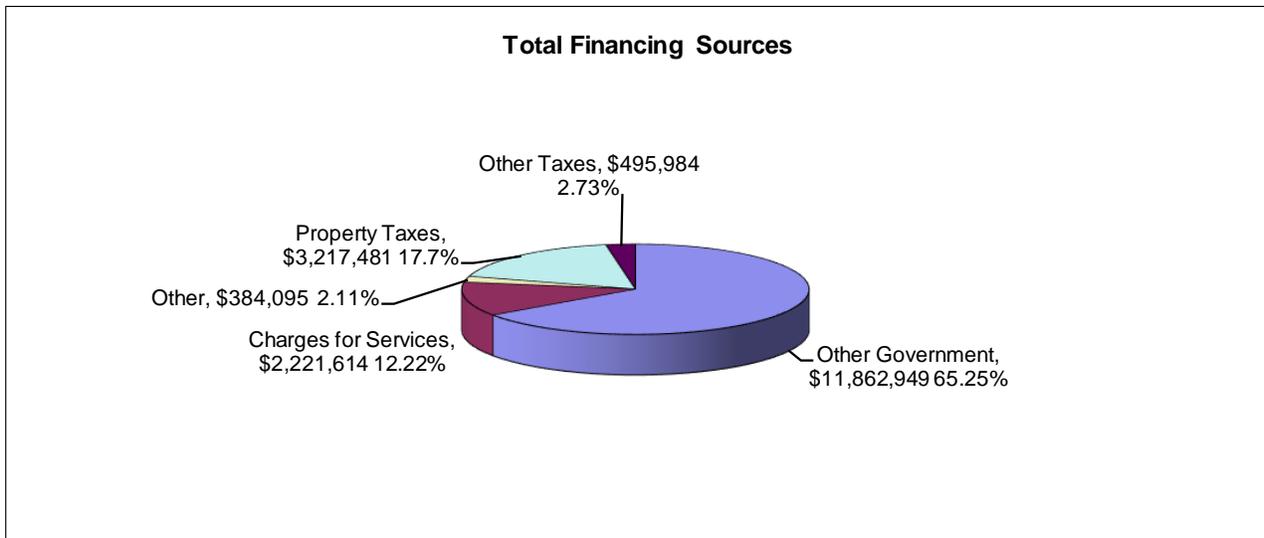
- Property taxes decreased by \$15,356 (0.5%) during the year. Sales Tax increased by \$19,945.
- Contributions from others and Capital Grants are up primarily from increase in State programs, and Road and Park projects.

Expenses and Program Revenues – Governmental Activities



| Program | Program | |
|----------------------------|--------------|--------------|
| | Revenue | Expenses |
| General government | \$ 1,929,936 | \$ 3,407,590 |
| Public protection | 2,582,153 | 3,926,580 |
| Public ways and facilities | 2,545,282 | 3,983,125 |
| Health and sanitation | 4,332,120 | 2,958,383 |
| Public assistance | 2,464,551 | 2,334,648 |
| Education | 720 | 43,742 |
| Recreation and culture | 229,801 | 272,651 |
| Debt Services | - | 164,093 |

Revenues by Source – Governmental Activities



The largest portion of revenue received by the County comes from Federal and State sources (approximately 65.25%). The second largest source comes from taxes (17.70%). However, it should be noted that of every \$1.00 collected in property tax approximately 34% benefits schools, with 54% going towards the funding of County services and programs. City receiving less than 1% and Special Districts receive 11%. 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. Two of Sierra County's funds are classified as business-type activities. The Solid Waste fund and the Transit fund. The transit fund is a pass through of State funds to operate two senior van programs.

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

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the County of Sierra's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the County of Sierra's governmental funds reported combined ending fund balances of \$15,018,682, which is available for spending on going operation, an increase of \$1,180,428 from the prior year. Approximately 3% of this total amount, \$466,975, constitutes unassigned fund balance of which 3% or 397,990 represents non-spendable fund balance.

The remainder fund balance of \$14,153,717 is reserved to indicate that it is available for specific programs and projects. Most of the reserved 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 decreased by \$244,855 during the 2015/16 Fiscal Year. This was caused by operating expenditures exceeding revenues. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance to total fund expenditures. Unassigned fund balance represents 5.88% of total general fund expenditures, while the total of all fund's unreserved balance represents 3% of all fund balances.

At the end of the current fiscal year, the Road Fund had a fund balance of \$288,235, while non-spendable fund balance was \$57,464, representing inventory. As a measure of the Road Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Restricted fund balance represents 0.00% of total road fund expenditures, while total fund balance represents 10.89% of that same amount.

At the end of the current fiscal year, the human services fund had a balance of \$4,357,996. As a measure of the human services fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 211.15% of that same amount.

At the end of the current fiscal year, the Public Health and Drug fund had a balance of \$7,358,934.

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

Unrestricted net position of the enterprise funds at the end of the year amounted to (2,896,724). The deficit in the Solid Waste is responsible for the full negative balance in the enterprise funds. The deficit is due to the Closure/Post Closure costs that are projected in future years but must be accounted for in the year incurred.

General Fund Budgetary Highlights

In last five years, 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 ended the fiscal year with expenditures exceeding revenues by (\$244,855).

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, 2016, amounts to \$18,301,670 (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 page 39.

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

Construction of Addition of Road Fund equipment

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

| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|----------------------|--------------------------|-------------------|----------------------|----------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Land | \$ 1,034,798 | \$ 938,125 | \$ 122,124 | \$ 122,124 | \$ 1,156,922 | \$ 1,060,249 |
| Building and System Improvements other than Buildings | 4,057,352 | 4,251,724 | 10,168 | 11,301 | 4,067,522 | 4,263,025 |
| Machinery & Equipment | 1,640,665 | 1,164,990 | 95,647 | 133,525 | 1,736,312 | 1,298,515 |
| Infrastructure | 11,148,222 | 12,210,950 | - | - | 11,148,222 | 12,210,950 |
| Construction in Progress | 660,866 | 319,660 | - | - | 660,866 | 319,660 |
| Historical Treasures | 32,013 | 32,013 | - | - | 32,013 | 32,013 |
| Total | \$ 18,573,916 | \$ 18,917,462 | \$ 227,939 | \$ 266,950 | \$ 18,801,857 | \$ 19,184,412 |

Additional information of the County of Sierra's capital assets can be found in Note 4 on pages 39-40 of this report.

Long-term debt. At the end of the current fiscal year, the County of Sierra has total bonded debt outstanding of \$8,976,338, the debt consist of capital leases and a pension bond.

County of Sierra's Outstanding Debt

| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Pension Obligation Bond | \$ 3,159,000 | \$ 3,567,000 | \$ - | \$ - | \$ 3,159,000 | \$ 3,567,000 |
| Other (capital leases, comp balances & landfill closure) | 895,245 | 788,756 | 4,922,093 | 3,812,905 | 5,817,338 | 4,601,661 |
| Total | <u>\$ 4,054,245</u> | <u>\$ 4,355,756</u> | <u>\$ 4,922,093</u> | <u>\$ 3,812,905</u> | <u>\$ 8,976,338</u> | <u>\$ 8,168,661</u> |

The County of Sierra's total debt increased by \$807,677 (9.89%) during the current fiscal year. The key factors in this increase were the capital leases and compensated absences.

Additional information on the County of Sierra's long-term debt can be found in note 6 on pages 41-42 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 2015-2016 fiscal year.

- The unemployment rate for the County of Sierra is currently 6.7% (6-30-2016), which is a increase of 0.2% from a year ago. This compares to the state's average unemployment rate of 5.4%.

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, 2016

| | Governmental Activities | Business-Type Activities | Total |
|---|------------------------------------|-------------------------------------|----------------------|
| ASSETS | | | |
| Cash and investments | \$ 14,262,861 | \$ 35,974 | \$ 14,298,835 |
| Receivables: | | | |
| Accounts | 2,649 | 1,469 | 4,118 |
| Taxes | 181,979 | 14,454 | 196,433 |
| Intergovernmental | 1,815,491 | 81,836 | 1,897,327 |
| Prepaid costs | 1,128,953 | - | 1,128,953 |
| Internal balances | 51,145 | (51,145) | - |
| Inventory | 57,464 | - | 57,464 |
| Restricted cash and investments | - | 1,789,242 | 1,789,242 |
| Net OPEB asset | 579,549 | - | 579,549 |
| Capital assets: | | | |
| Non depreciable | 1,727,677 | 122,124 | 1,849,801 |
| Depreciable, net | 16,846,239 | 105,815 | 16,952,054 |
| Total capital assets | <u>18,573,916</u> | <u>227,939</u> | <u>18,801,855</u> |
| Total Assets | <u>36,654,007</u> | <u>2,099,769</u> | <u>38,753,776</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred pension adjustments | <u>1,529,668</u> | <u>5,232</u> | <u>1,534,900</u> |
| Total Deferred Outflows of Resources | <u>1,529,668</u> | <u>5,232</u> | <u>1,534,900</u> |
| LIABILITIES | | | |
| Accounts payable | 354,894 | 7,196 | 362,090 |
| Salaries and benefits payable | 913,657 | 20,411 | 934,068 |
| Accrued claims liability | 787,652 | - | 787,652 |
| Net pension liability | 13,512,376 | 57,716 | 13,570,092 |
| Long-term liabilities: | | | |
| Due within one year | 993,053 | - | 993,053 |
| Due in more than one year | <u>3,061,192</u> | <u>4,922,093</u> | <u>7,983,285</u> |
| Total Liabilities | <u>19,622,824</u> | <u>5,007,416</u> | <u>24,630,240</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred pension adjustments | <u>910,107</u> | <u>(5,691)</u> | <u>904,416</u> |
| Total Deferred Inflows of Resources | <u>910,107</u> | <u>(5,691)</u> | <u>904,416</u> |
| NET POSITION | | | |
| Net investment in capital assets | 18,073,731 | 227,939 | 18,301,670 |
| Restricted for: | | | |
| General government | 260,329 | - | 260,329 |
| Public protection | 1,885,137 | - | 1,885,137 |
| Public assistance | 4,314,775 | - | 4,314,775 |
| Health and welfare | 7,295,646 | - | 7,295,646 |
| Public ways and facilities | 315,396 | - | 315,396 |
| Unrestricted | <u>(14,494,270)</u> | <u>(3,124,663)</u> | <u>(17,618,933)</u> |
| Total Net Position | <u>\$ 17,650,744</u> | <u>\$ (2,896,724)</u> | <u>\$ 14,754,020</u> |

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

COUNTY OF SIERRA
Statement of Activities
For the Year Ended June 30, 2016

| <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 | \$ 3,407,590 | \$ 1,219,222 | \$ 710,714 | \$ - |
| Public protection | 3,926,580 | 239,964 | 2,342,189 | - |
| Health and welfare | 2,958,383 | 49,273 | 4,282,847 | - |
| Public assistance | 2,334,648 | - | 2,464,551 | - |
| Education | 43,742 | 720 | - | - |
| Culture and recreation | 272,651 | - | 142,428 | 87,373 |
| Public ways and facilities | 3,983,125 | 712,435 | 1,570,994 | 261,853 |
| Interest on long-term debt | 164,093 | - | - | - |
| Total Governmental Activities | 17,090,812 | 2,221,614 | 11,513,723 | 349,226 |
| Business-type activities: | | | | |
| Solid waste | 1,956,006 | 975,427 | 30,000 | - |
| Transit | 158,102 | 21,718 | 149,897 | - |
| Total Business-Type Activities | 2,114,108 | 997,145 | 179,897 | - |
| Total | \$ 19,204,920 | \$ 3,218,759 | \$ 11,693,620 | \$ 349,226 |

General revenues:

Taxes:

- Property taxes
- Sales and use taxes
- Transient occupancy taxes
- Property transfer tax
- Timber yield tax
- Franchise fees
- Interest and investment earnings
- Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

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

| Governmental Activities | Business- Type Activities | Total |
|------------------------------------|--|----------------------|
| \$ (1,477,654) | \$ - | \$ (1,477,654) |
| (1,344,427) | - | (1,344,427) |
| 1,373,737 | - | 1,373,737 |
| 129,903 | - | 129,903 |
| (43,022) | - | (43,022) |
| (42,850) | - | (42,850) |
| (1,437,843) | - | (1,437,843) |
| (164,093) | - | (164,093) |
| <u>(3,006,249)</u> | <u>-</u> | <u>(3,006,249)</u> |
| - | (950,579) | (950,579) |
| - | 13,513 | 13,513 |
| - | (937,066) | (937,066) |
| <u>(3,006,249)</u> | <u>(937,066)</u> | <u>(3,943,315)</u> |
| 3,217,481 | - | 3,217,481 |
| 147,415 | - | 147,415 |
| 259,063 | - | 259,063 |
| 27,960 | - | 27,960 |
| 21,967 | 2,935 | 24,902 |
| 39,579 | - | 39,579 |
| 113,910 | 7,826 | 121,736 |
| 270,185 | - | 270,185 |
| (8,577) | 8,577 | - |
| <u>4,088,983</u> | <u>19,338</u> | <u>4,108,321</u> |
| 1,082,734 | (917,728) | 165,006 |
| <u>16,568,010</u> | <u>(1,978,996)</u> | <u>14,589,014</u> |
| <u>\$ 17,650,744</u> | <u>\$ (2,896,724)</u> | <u>\$ 14,754,020</u> |

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Basic Financial Statements

- **Fund Financial Statements**

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COUNTY OF SIERRA
Balance Sheet
Governmental Funds
June 30, 2016

| | <u>General</u> | <u>Road</u> | <u>Human Services</u> | <u>Public Health and Drug Programs</u> |
|--|---------------------|-------------------|---------------------------|--|
| ASSETS | | | | |
| Cash and investments | \$ 827,934 | \$ 187,578 | \$ 4,303,667 | \$ 6,879,181 |
| Receivables: | | | | |
| Accounts | - | - | 1,116 | 1,533 |
| Taxes | 177,253 | - | - | - |
| Intergovernmental | 177,367 | 365,217 | 195,267 | 913,944 |
| Prepaid costs | 1,128,178 | - | - | - |
| Deposits | - | - | - | - |
| Inventory | - | 57,464 | - | - |
| Due from other funds | 51,145 | - | - | - |
| Total Assets | <u>\$ 2,361,877</u> | <u>\$ 610,259</u> | <u>\$ 4,500,050</u> | <u>\$ 7,794,658</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 153,786 | \$ 71,735 | \$ 38,254 | \$ 64,992 |
| Salaries and benefits payable | 475,250 | 169,319 | 103,800 | 161,411 |
| Accrued claims liability | 787,652 | - | - | - |
| Due to other funds | - | - | - | - |
| Total Liabilities | <u>1,416,688</u> | <u>241,054</u> | <u>142,054</u> | <u>226,403</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue | 135,366 | 80,970 | - | 209,321 |
| Total Deferred Inflows of Resources | <u>135,366</u> | <u>80,970</u> | <u>-</u> | <u>209,321</u> |
| FUND BALANCES | | | | |
| Nonspendable | 340,526 | 57,464 | - | - |
| Restricted | - | 230,771 | 4,357,996 | 7,358,934 |
| Unassigned | 469,297 | - | - | - |
| Total Fund Balances | <u>809,823</u> | <u>288,235</u> | <u>4,357,996</u> | <u>7,358,934</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 2,361,877</u> | <u>\$ 610,259</u> | <u>\$ 4,500,050</u> | <u>\$ 7,794,658</u> |

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

| Other Governmental Funds | Total |
|---|---------------|
| \$ 2,064,501 | \$ 14,262,861 |
| - | 2,649 |
| 4,726 | 181,979 |
| 163,696 | 1,815,491 |
| - | 1,128,178 |
| 775 | 775 |
| - | 57,464 |
| 3,785 | 54,930 |
| \$ 2,237,483 | \$ 17,504,327 |
| | |
| \$ 26,127 | \$ 354,894 |
| 3,877 | 913,657 |
| - | 787,652 |
| 3,785 | 3,785 |
| 33,789 | 2,059,988 |
| - | 425,657 |
| - | 425,657 |
| | |
| - | 397,990 |
| 2,206,016 | 14,153,717 |
| (2,322) | 466,975 |
| 2,203,694 | 15,018,682 |
| \$ 2,237,483 | \$ 17,504,327 |

COUNTY OF SIERRA
Reconciliation of the Governmental Funds Balance
Sheet to the Government-Wide Statement of
Net Position - Governmental Activities
June 30, 2016

| | |
|--|-----------------------------|
| Total Fund Balances - Total Governmental Funds | \$ 15,018,682 |
| 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. | 18,573,916 |
| The net OPEB asset is not an available resource and, therefore, is not reported in the governmental funds. | 579,549 |
| Other long term assets are not available to pay for current period expenditures and therefore, are reported as unavailable revenues in the governmental funds. | 425,657 |
| Deferred outflows of resources related to pensions are not reported in the governmental funds. | 1,529,668 |
| Deferred inflows of resources related to pensions are not reported in the governmental funds. | (910,107) |
| Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds. | |
| Net pension liability | (13,512,376) |
| Pension obligation bonds payable | (3,159,000) |
| Capital leases | (354,928) |
| Compensated absences | (395,060) |
| Court repayment liability | (145,257) |
| Net Position of Governmental Activities | <u>\$ 17,650,744</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, 2016

| | <u>General</u> | <u>Road</u> | <u>Human Services</u> | <u>Public Health and Drug Programs</u> |
|---|--------------------|-------------------|---------------------------|--|
| REVENUES | | | | |
| Taxes and assessments | \$ 3,688,542 | \$ - | \$ - | \$ - |
| Licenses, permits, and franchises | 123,582 | - | - | - |
| Fines and forfeitures | 83,706 | - | - | - |
| Intergovernmental | 904,755 | 1,829,502 | 3,055,827 | 3,598,143 |
| Use of money and property | 58,027 | 13,350 | (102) | 38,746 |
| Charges for services | 1,263,279 | 526,475 | - | 48,784 |
| Other revenues | 140,368 | 32,058 | 4,107 | 3,787 |
| Total Revenues | <u>6,262,259</u> | <u>2,401,385</u> | <u>3,059,832</u> | <u>3,689,460</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 2,746,908 | - | - | - |
| Public protection | 4,230,348 | - | - | - |
| Health and welfare | 6,480 | - | - | 2,808,993 |
| Public assistance | 80,119 | - | 1,979,386 | - |
| Education | 43,674 | - | - | - |
| Culture and recreation | 220,883 | - | - | - |
| Public ways and facilities | 44,874 | 2,233,643 | - | - |
| Debt service: | | | | |
| Principal | 27,109 | 29,695 | 15,475 | 21,605 |
| Interest and other charges | 1,204 | 1,887 | 459 | 641 |
| Capital outlay | 575,539 | 382,288 | 68,571 | 7,489 |
| Total Expenditures | <u>7,977,138</u> | <u>2,647,513</u> | <u>2,063,891</u> | <u>2,838,728</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(1,714,879)</u> | <u>(246,128)</u> | <u>995,941</u> | <u>850,732</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds of debt | 408,509 | - | - | - |
| Transfers in | 1,388,239 | 87,921 | - | 123,362 |
| Transfers out | (326,724) | (136,425) | (181,647) | (85,971) |
| Total Other Financing Sources (Uses) | <u>1,470,024</u> | <u>(48,504)</u> | <u>(181,647)</u> | <u>37,391</u> |
| Net Change in Fund Balances | (244,855) | (294,632) | 814,294 | 888,123 |
| Fund Balances - Beginning | <u>1,054,678</u> | <u>582,867</u> | <u>3,543,702</u> | <u>6,470,811</u> |
| Fund Balances - Ending | <u>\$ 809,823</u> | <u>\$ 288,235</u> | <u>\$ 4,357,996</u> | <u>\$ 7,358,934</u> |

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

| Other Governmental Funds | Total |
|---|---------------------|
| \$ 151,641 | \$ 3,840,183 |
| - | 123,582 |
| 39,826 | 123,532 |
| 1,961,075 | 11,349,302 |
| 3,889 | 113,910 |
| 176,977 | 2,015,515 |
| 36,072 | 216,392 |
| <u>2,369,480</u> | <u>17,782,416</u> |
| 203,462 | 2,950,370 |
| 370,544 | 4,600,892 |
| - | 2,815,473 |
| - | 2,059,505 |
| - | 43,674 |
| - | 220,883 |
| 193,582 | 2,472,099 |
| 425,499 | 519,383 |
| 159,902 | 164,093 |
| 121,661 | 1,155,548 |
| <u>1,474,650</u> | <u>17,001,920</u> |
| <u>894,830</u> | <u>780,496</u> |
| - | 408,509 |
| 526,885 | 2,126,407 |
| (1,404,217) | (2,134,984) |
| <u>(877,332)</u> | <u>399,932</u> |
| 17,498 | 1,180,428 |
| <u>2,186,196</u> | <u>13,838,254</u> |
| <u>\$ 2,203,694</u> | <u>\$15,018,682</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, 2016

| | |
|---|---------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ 1,180,428 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | |
| Expenditures for capital outlay | 1,155,548 |
| Less current year depreciation | (1,640,264) |
| Contributions of capital assets | 144,673 |
| Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the net cost of the capital assets disposed. There were no significant proceeds. | |
| | (3,503) |
| 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. | |
| Debt proceeds | (408,509) |
| Reduction of court revenues | 229,840 |
| Principal retirements | 519,383 |
| 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 | 28,697 |
| 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 pensions | (462,096) |
| Change in deferred inflows of resources related to pensions | 2,846,150 |
| 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 | (39,203) |
| Change in net pension liability | (2,520,784) |
| Change in net OPEB asset | 52,374 |
| Change in Net Position of Governmental Activities | \$ 1,082,734 |

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, 2016

| | Business-Type Activities - Enterprise Funds | | Total |
|---|--|---------------------------------------|-----------------------|
| | Solid Waste | Other Enterprise Funds | |
| ASSETS | | | |
| Current Assets: | | | |
| Cash and investments | \$ 23,335 | \$ 12,639 | \$ 35,974 |
| Receivables: | | | |
| Accounts | 1,469 | - | 1,469 |
| Taxes | 14,454 | - | 14,454 |
| Intergovernmental | 41,836 | 40,000 | 81,836 |
| Total Current Assets | 81,094 | 52,639 | 133,733 |
| Noncurrent Assets: | | | |
| Restricted cash and investments | 1,789,242 | - | 1,789,242 |
| Capital Assets : | | | |
| Non depreciable | 122,124 | - | 122,124 |
| Depreciable, net | 36,553 | 69,262 | 105,815 |
| Total Noncurrent Assets | 1,947,919 | 69,262 | 2,017,181 |
| Total Assets | 2,029,013 | 121,901 | 2,150,914 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension adjustments | 5,232 | - | 5,232 |
| Total Deferred Outflows of Resources | 5,232 | - | 5,232 |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts payable | 7,196 | - | 7,196 |
| Salaries and benefits payable | 20,411 | - | 20,411 |
| Due to other funds | 51,145 | - | 51,145 |
| Total Current Liabilities | 78,752 | - | 78,752 |
| Noncurrent Liabilities: | | | |
| Net pension liability | 57,716 | - | 57,716 |
| Closure/postclosure liability | 4,922,093 | - | 4,922,093 |
| Total Noncurrent Liabilities | 4,979,809 | - | 4,979,809 |
| Total Liabilities | 5,058,561 | - | 5,058,561 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension adjustments | (5,691) | - | (5,691) |
| Total Deferred Inflows of Resources | (5,691) | - | (5,691) |
| NET POSITION | | | |
| Investment in capital assets | 158,677 | 69,262 | 227,939 |
| Unrestricted | (3,177,302) | 52,639 | (3,124,663) |
| Total Net Position | \$ (3,018,625) | \$ 121,901 | \$ (2,896,724) |

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, 2016

| | Business-Type Activities - Enterprise Funds | | Total |
|--|--|---------------------------------------|-----------------------|
| | Solid Waste | Other Enterprise Funds | |
| OPERATING REVENUES | | | |
| Charges for services | \$ 975,427 | \$ - | \$ 975,427 |
| Passenger fares | - | 21,718 | 21,718 |
| Total Operating Revenues | <u>975,427</u> | <u>21,718</u> | <u>997,145</u> |
| OPERATING EXPENSES | | | |
| Salaries and benefits | 308,694 | - | 308,694 |
| Services and supplies | 1,631,236 | - | 1,631,236 |
| Purchased transportation | - | 119,718 | 119,718 |
| Administration | - | 6,480 | 6,480 |
| Depreciation | 16,076 | 31,904 | 47,980 |
| Total Operating Expenses | <u>1,956,006</u> | <u>158,102</u> | <u>2,114,108</u> |
| Operating Income (Loss) | <u>(980,579)</u> | <u>(136,384)</u> | <u>(1,116,963)</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | |
| Taxes and assessments | 2,935 | - | 2,935 |
| Intergovernmental | 30,000 | 149,897 | 179,897 |
| Interest income | 7,867 | (41) | 7,826 |
| Total Non-Operating Revenues (Expenses) | <u>40,802</u> | <u>149,856</u> | <u>190,658</u> |
| Income (Loss) Before Transfers | <u>(939,777)</u> | <u>13,472</u> | <u>(926,305)</u> |
| Transfers in | 10,000 | - | 10,000 |
| Transfers out | (1,423) | - | (1,423) |
| Change in Net Position | <u>(931,200)</u> | <u>13,472</u> | <u>(917,728)</u> |
| Total Net Position - Beginning | <u>(2,087,425)</u> | <u>108,429</u> | <u>(1,978,996)</u> |
| Total Net Position - Ending | <u>\$ (3,018,625)</u> | <u>\$ 121,901</u> | <u>\$ (2,896,724)</u> |

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

COUNTY OF SIERRA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

| | Business-Type Activities - Enterprise Funds | | Total |
|---|--|---------------------------------------|---------------------|
| | Solid Waste | Other Enterprise Funds | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | \$ 1,059,102 | \$ 21,718 | \$ 1,080,820 |
| Payments to suppliers | (540,727) | (126,198) | (666,925) |
| Payments to employees | (298,534) | - | (298,534) |
| Net Cash Provided (Used) by Operating Activities | <u>219,841</u> | <u>(104,480)</u> | <u>115,361</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Taxes received | 156 | - | 156 |
| Intergovernmental revenue received | 30,000 | 109,897 | 139,897 |
| Transfers from other funds | 233,575 | - | 233,575 |
| Transfers to other funds | (224,998) | - | (224,998) |
| Interfund loans repaid | (105,012) | - | (105,012) |
| Interfund loans received | 51,145 | - | 51,145 |
| Net Cash Provided (Used) by Noncapital Financing Activities | <u>(15,134)</u> | <u>109,897</u> | <u>94,763</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Purchase of capital assets | (8,968) | - | (8,968) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(8,968)</u> | <u>-</u> | <u>(8,968)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest on investments | 7,867 | (41) | 7,826 |
| Net Cash Provided (Used) by Investing Activities | <u>7,867</u> | <u>(41)</u> | <u>7,826</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 203,606 | 5,376 | 208,982 |
| Balances - Beginning | <u>1,608,971</u> | <u>7,263</u> | <u>1,616,234</u> |
| Balances - Ending | <u>\$ 1,812,577</u> | <u>\$ 12,639</u> | <u>\$ 1,825,216</u> |

Continued (Page 1 of 2)

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

COUNTY OF SIERRA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

| | Business-Type Activities - Enterprise Funds | | Total |
|--|--|---------------------------------------|-------------------|
| | Solid Waste | Other Enterprise Funds | |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | |
| Operating income (loss) | \$ (980,579) | \$ (136,384) | \$ (1,116,963) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation | 16,076 | 31,904 | 47,980 |
| Decrease (increase) in: | | | |
| Accounts receivable | 83,675 | - | 83,675 |
| Pension adjustments - deferred outflows | 1,331 | - | 1,331 |
| Increase (decrease) in: | | | |
| Accounts payable | (18,679) | - | (18,679) |
| Salaries and benefits payable | 2,039 | - | 2,039 |
| Pension adjustments - deferred inflows | (17,980) | - | (17,980) |
| Net pension liability | 24,770 | - | 24,770 |
| Closure/post closure liability | 1,109,188 | - | 1,109,188 |
| Net Cash Provided (Used) by Operating Activities | \$ 219,841 | \$ (104,480) | \$ 115,361 |

Continued (Page 2 of 2)

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

COUNTY OF SIERRA
Statement of Net Position
Fiduciary Funds
June 30, 2016

| | Investment Trust Funds | Agency Funds |
|-------------------------------------|-----------------------------------|-------------------------|
| ASSETS | | |
| Cash and investments | \$ 8,242,049 | \$ 275,042 |
| Receivables: | | |
| Taxes | - | 504,974 |
| Total Assets | 8,242,049 | 780,016 |
| LIABILITIES | | |
| Agency funds held for others | - | 780,016 |
| Total Liabilities | - | 780,016 |
| NET POSITION | | |
| Held in trust for pool participants | \$ 8,242,049 | \$ - |

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

COUNTY OF SIERRA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2016

| | <u>Investment Trust Funds</u> |
|--|-----------------------------------|
| ADDITIONS | |
| Contributions to investment pool | \$ 9,693,053 |
| Revenue from use of money and property | <u>40,934</u> |
| Total Additions | <u>9,733,987</u> |
| DEDUCTIONS | |
| Distributions from investment pool | <u>8,443,447</u> |
| Total Deductions | <u>8,443,447</u> |
| Total Change in Net Position | 1,290,540 |
| Net Position - Beginning | <u>6,951,509</u> |
| Net Position - Ending | <u><u>\$ 8,242,049</u></u> |

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

Basic Financial Statements

- **Notes to Basic Financial Statements**

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COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

Blended Component Units

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

| | |
|---------------------------|---------------------------|
| County Service Area No. 1 | County Service Area No. 2 |
| County Service Area No. 3 | County Service Area No. 4 |
| County Service Area No. 5 | Sierra Brooks Water |
| 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, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Joint Agencies

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

The County is a member of the California State Association of Counties Excess Insurance Authority (CSACEIA). CSACEIA is a joint powers authority organized for the purpose of developing and funding excess insurance programs for member counties. CSACEIA operates public entity risk pools for workers' compensation, comprehensive liability, property, and medical malpractice, and the pool purchases excess insurance and services for members. CSACEIA is under the control and direction of a board of directors consisting of representatives of the fifty-five member counties. Complete audited financial statements can be obtained from CSACEIA's office at 75 Iron Point Circle, Suite 200, Folsom, California 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. 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, 2016

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 grant revenues.

The County reports the following major proprietary fund:

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

The County reports the following additional fund types:

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

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

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 assets 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 nonoperating 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 nonoperating revenues and expenses.

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

D. Non-Current Governmental Assets/Liabilities

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

E. Cash and Cash Equivalents

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

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Investments

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

Investment transactions are recorded on the trade date. The fair value of investments is determined annually. Investments in nonparticipating interest-earning investment contracts are reported at cost; short term investments are reported at amortized cost, investments in 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, 2016, the County Treasurer has not entered into any legally binding guarantees to support the value of participant equity in the investment pool.

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

G. Restricted Cash and Investments

Restricted assets in the County's enterprise funds represent cash and investments held in the Solid Waste fund of \$1,789,242 for closure/postclosure funding.

H. Receivables

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

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Other Assets

Inventory

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

Prepaid Costs

Payments made for services that will benefit periods beyond June 30, 2016 are recorded as prepaid costs in both 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 life 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 | 5-15 years |
| Structures and improvements | 30 years |
| Infrastructure (except for the maintained pavement subsystem) | 30 years |

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

K. Property Tax

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

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Property Tax (Continued)

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

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

The County of Sierra apportions secured property tax revenue in accordance with the alternate methods 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 \$72,364 at June 30, 2016. The County’s management believes that any ownership rights to the TLRF the County may have are effective only upon a Board approved transfer or to the extent of losses related to the sale of tax defaulted property. Amounts in the TLRF are considered to be held in a custodial capacity for the participants in the County’s Teeter Plan and accounted for in an agency fund.

L. Interfund Transactions

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

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

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

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

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

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Unearned Revenue

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

N. Compensated Absence

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. Pensions

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

P. 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 one item which qualifies for reporting in this category. This item relates to outflows from changes in the net pension liability and is reportable on the Statement of Net Position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has two 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 item relates to inflows from changes in the net pension liability and is reportable on the Statement of Net Position.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. 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.

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

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

Statement No. 72, Fair Value Measurement and Application. This statement addresses accounting and financial reporting issues related to fair value measurements. This statement provides guidance for determining a fair value measurement and for applying fair value to certain investments and disclosures related to all fair value measurements.

Statement No. 73, Accounting and Financial Reporting for Pension and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This statement establishes requirements for defined benefit pensions and defined contribution pensions that are not within the scope of Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions.

Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction is not specified within a source of authoritative GAAP.

Statement No. 79, Certain External Investment Pools and Pool Participants. This statement established criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balance/Net Position

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

- The Office of Emergency Services fund had a fund balance deficit of \$2,322 which is expected to be eliminated in future years through grant revenues.

The following major enterprise fund had a deficit net position:

- The Solid Waste fund had a net position deficit of \$3,018,625, which is expected to be eliminated in future years through increased revenues.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

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 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 an Investment Trust Fund which does not have separate financial reports. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer. The investments of involuntary participants in the investment pool totaled \$8,242,049 at June 30, 2016.

A. Financial Statement Presentation

As of June 30, 2016, the County's cash and investments are reported in the financial statements as follows:

| | |
|----------------------------|----------------------|
| Primary government | \$ 16,088,077 |
| Investment trust funds | 8,242,049 |
| Agency funds | <u>275,042</u> |
| Total Cash and Investments | <u>\$ 24,605,168</u> |

As of June 30, 2016, the County's cash and investments consisted of the following:

| | |
|--|----------------------|
| Cash: | |
| Cash on hand | \$ 7,868 |
| Deposits in Treasurer's Pool (less outstanding checks) | <u>731,066</u> |
| Total Cash | <u>738,934</u> |
| Investments: | |
| In Treasurer's Pool | <u>23,866,234</u> |
| Total Investments | <u>23,866,234</u> |
| Total Cash and Investments | <u>\$ 24,605,168</u> |

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

B. Cash

At year end, the carrying amount of the County's cash deposits (including amount in checking accounts) was \$731,066 and the bank balance was \$826,905. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. In addition, the County had cash on hand of \$7,868.

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

C. Investments

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

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

- Banker's 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 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.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

The County's position in external investment pools is in its self 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 are not recognized in the three-tiered fair value hierarchy described above.

At June 30, 2016, the County had the following recurring fair value measurements:

| Investment Type | Fair Value | Fair Value Measurements Using | | |
|---|---------------|-------------------------------|---------------|---------|
| | | Level 1 | Level 2 | Level 3 |
| Investments by Fair Value Level | | | | |
| Federal Agencies | \$ 7,226,143 | \$ - | \$ 7,226,143 | \$ - |
| Medium Term Notes | 7,277,513 | - | 7,277,513 | - |
| US Treasuries | 4,976,760 | - | 4,976,760 | - |
| Total Investments Measured at Fair Value | \$ 19,480,416 | \$ - | \$ 19,480,416 | \$ - |
| Investments in External Investment Pools | | | | |
| Local Agency Investment Fund (LAIF) | \$ 4,384,981 | | | |
| California Asset Management Program (CAMP) | 837 | | | |
| Total Investments | \$ 23,866,234 | | | |

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 from increases in interest rates, the County's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the County to meet all projected obligations. Any investments that mature more than five years from the date of purchase require prior approval of the Board of Supervisors.

As of June 30, 2016, the County had the following investments, all of which had a maturity of five years or less:

| Investment Type | Interest Rates | Maturities | | Fair Value | Weighted Average Maturity (Years) |
|--|----------------|---------------|---------------|---------------|-----------------------------------|
| | | 0-1 year | 1-5 years | | |
| Federal Agencies | 0.375-1.875% | \$ 1,600,211 | \$ 5,625,932 | \$ 7,226,143 | 2.11 |
| Medium Term Notes | 0.875-3.750% | 4,219,114 | 3,058,399 | 7,277,513 | 1.28 |
| US Treasuries | 0.750-1.250% | - | 4,976,760 | 4,976,760 | 1.45 |
| Local Agency Investment Fund (LAIF) | Variable | 4,384,981 | - | 4,384,981 | - |
| California Asset Management Program (CAMP) | Variable | 837 | - | 837 | - |
| Total Investments | | \$ 10,205,143 | \$ 13,661,091 | \$ 23,866,234 | 1.33 |

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

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.

| <u>Investment Type</u> | <u>Minimum Legal Rating</u> | <u>Standard & Poor's Rating</u> | <u>Moody's Rating</u> | <u>% of Portfolio</u> |
|--|-----------------------------|-------------------------------------|-----------------------|-----------------------|
| Federal Home Loan Bank | N/A | AA+ | Aaa | 10.11% |
| Federal National Mortgage Assoc. | N/A | AA+ | Aaa | 10.10% |
| Federal Home Loan Mortgage Corporation | N/A | AA+ | Aaa | 7.13% |
| Federal Farm Credit Bank | N/A | AA+ | Aaa | 2.94% |
| Medium Term Notes | A | AA+ | Aaa | 1.00% |
| Medium Term Notes | A | AA+ | A1 | 3.38% |
| Medium Term Notes | A | AA | Aa2 | 0.84% |
| Medium Term Notes | A | AA- | A1 | 0.84% |
| Medium Term Notes | A | AA- | Aa2 | 0.63% |
| Medium Term Notes | A | AA- | Aa3 | 0.85% |
| Medium Term Notes | A | A+ | A1 | 4.78% |
| Medium Term Notes | A | A | A1 | 2.04% |
| Medium Term Notes | A | A | A2 | 12.98% |
| Medium Term Notes | A | BBB+ | Baa1 | 3.15% |
| US Treasuries | N/A | AA+ | Aaa | 20.86% |
| LAIF | N/A | Unrated | Unrated | 18.37% |
| CAMP | N/A | Unrated | Unrated | 0.00% |
| Total | | | | <u>100.00%</u> |

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

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. The County's investment policy contains limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) at June 30, 2016, 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> |
|----------------------------------|------------------------|----------------------------------|
| Caterpillar Finance Service Corp | \$ 1,203,346 | 5.04% |

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

D. Investment in External Investment Pools

The County of Sierra maintains an investment in the State of California Local Agency Investment Fund (LAIF), managed by the State Treasurer. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. The Local Investment Advisor Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. At June 30, 2016, the County's investment in LAIF valued at amortized cost was \$4,384,981 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 \$75.4 billion. Of that amount, 97.19 percent is invested in non-derivative financial products and 2.81 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, 2016, was \$837, which approximates fair value.

E. County Investment Pool Condensed Financial Information

The following are condensed statements of net position and changes in net position for the Treasurer's Pool at June 30, 2016:

| | Internal Participants | External Participants | Total Pool |
|---|--------------------------|--------------------------|---------------|
| Statement of Net Position | | | |
| Cash on hand | \$ 7,868 | \$ - | \$ 7,868 |
| Deposits (Less outstanding checks) | 731,066 | - | 731,066 |
| Investments | 15,624,185 | 8,242,049 | 23,866,234 |
| Net Position at June 30, 2016 | \$ 16,363,119 | \$ 8,242,049 | \$ 24,605,168 |
| Statement of Changes in Net Position | | | |
| Net position at July 1, 2015 | \$ 15,080,554 | \$ 6,958,128 | \$ 22,038,682 |
| Net changes in investments by pool participants | 1,282,565 | 1,283,921 | 2,566,487 |
| Net Position at June 30, 2016 | \$ 16,363,119 | \$ 8,242,049 | \$ 24,605,168 |

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2016, was as follows:

Governmental Activities

| | <u>Balance</u> <u>July 1, 2015</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance</u> <u>June 30, 2016</u> |
|--|---------------------------------------|---------------------|--------------------|--|
| Capital Assets, Not Being Depreciated: | | | | |
| Land | \$ 938,125 | \$ 96,673 | \$ - | \$ 1,034,798 |
| Construction in progress | 319,660 | 341,206 | - | 660,866 |
| Historical treasures | <u>32,013</u> | <u>-</u> | <u>-</u> | <u>32,013</u> |
| Total Capital Assets, Not Being Depreciated | <u>1,289,798</u> | <u>437,879</u> | <u>-</u> | <u>1,727,677</u> |
| Capital Assets, Being Depreciated: | | | | |
| Infrastructure | 19,107,722 | - | - | 19,107,722 |
| Structures and improvements | 8,111,585 | 47,999 | - | 8,159,584 |
| Equipment | <u>7,378,538</u> | <u>814,343</u> | <u>(96,473)</u> | <u>8,096,408</u> |
| Total Capital Assets, Being Depreciated | <u>34,597,845</u> | <u>862,342</u> | <u>(96,473)</u> | <u>35,363,714</u> |
| Less Accumulated Depreciation For: | | | | |
| Infrastructure | (6,896,772) | (1,062,728) | - | (7,959,500) |
| Structures and Improvements | (3,859,861) | (242,371) | - | (4,102,232) |
| Equipment | <u>(6,213,548)</u> | <u>(335,165)</u> | <u>92,970</u> | <u>(6,455,743)</u> |
| Total Accumulated Depreciation | <u>(16,970,181)</u> | <u>(1,640,264)</u> | <u>92,970</u> | <u>(18,517,475)</u> |
| Total Capital Assets, Being Depreciated, Net | <u>17,627,664</u> | <u>(777,922)</u> | <u>(3,503)</u> | <u>16,846,239</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 18,917,462</u> | <u>(\$ 340,043)</u> | <u>(\$ 3,503)</u> | <u>\$ 18,573,916</u> |

Business-Type Activities

| | <u>Balance</u> <u>July 1, 2015</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance</u> <u>June 30, 2016</u> |
|--|---------------------------------------|--------------------|--------------------|--|
| Capital Assets, Not Being Depreciated: | | | | |
| Land | \$ 122,124 | \$ - | \$ - | \$ 122,124 |
| Total Capital Assets, Not Being Depreciated | <u>122,124</u> | <u>-</u> | <u>-</u> | <u>122,124</u> |
| Capital Assets, Being Depreciated: | | | | |
| Structures and improvements | 79,116 | - | - | 79,116 |
| Equipment | <u>385,427</u> | <u>8,970</u> | <u>-</u> | <u>394,397</u> |
| Total Capital Assets, Being Depreciated | <u>464,543</u> | <u>8,970</u> | <u>-</u> | <u>473,513</u> |
| Less Accumulated Depreciation For: | | | | |
| Structures and improvements | (67,815) | (1,133) | - | (68,948) |
| Equipment | <u>(251,902)</u> | <u>(46,848)</u> | <u>-</u> | <u>(298,750)</u> |
| Total Accumulated Depreciation | <u>(319,717)</u> | <u>(47,981)</u> | <u>-</u> | <u>(367,698)</u> |
| Total Capital Assets, Being Depreciated, Net | <u>144,826</u> | <u>(39,011)</u> | <u>-</u> | <u>105,815</u> |
| Business-Type Activities Capital Assets, Net | <u>\$ 266,950</u> | <u>(\$ 39,011)</u> | <u>\$ -</u> | <u>\$ 227,939</u> |

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 4: CAPITAL ASSETS (CONTINUED)

Depreciation

Depreciation expense was charged to governmental functions as follows:

| | |
|---|---------------------|
| General government | \$ 76,640 |
| Public protection | 257,800 |
| Public ways and facilities | 1,224,286 |
| Health and sanitation | 33,738 |
| Recreation and Culture | <u>47,800</u> |
| Total Depreciation Expense - Governmental Functions | <u>\$ 1,640,264</u> |

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

| | |
|--|------------------|
| Solid Waste | \$ 16,076 |
| Nonmajor proprietary fund | <u>31,905</u> |
| Total Depreciation Expense - Business-Type Functions | <u>\$ 47,981</u> |

Construction in Progress

Construction in progress for governmental activities relates primarily to work performed on the Jim Crow Canyon Bridge, Packer Lake Bridge, Salmon Lake Bridge, Plumbago Road Bridge, and Independence Lake Bridge.

Historical Treasures

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

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

NOTE 5: INTERFUND TRANSACTIONS

Due To/From Other Funds

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds. The following are due from and due to balances as of June 30, 2016:

| | <u>Due From Other Funds</u> | <u>Due To Other Funds</u> |
|-----------------------------|---------------------------------|-------------------------------|
| General fund | \$ 51,145 | \$ - |
| Nonmajor Governmental funds | 3,785 | 3,785 |
| Solid Waste fund | <u>-</u> | <u>51,145</u> |
| Total | <u>\$ 54,930</u> | <u>\$ 54,930</u> |

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 5: INTERFUND TRANSACTIONS (CONTINUED)

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, reimbursement of various County operations, and re-allocations of special revenues. The following are the interfund transfer balances as of June 30, 2016:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|---------------------------------|---------------------|----------------------|
| General fund | \$ 1,388,239 | \$ 326,724 |
| Road | 87,921 | 136,425 |
| Human Services | - | 181,647 |
| Public Health and Drug Programs | 123,362 | 85,971 |
| Nonmajor Governmental funds | 526,885 | 1,404,217 |
| Solid Waste | <u>10,000</u> | <u>1,423</u> |
| Total | <u>\$ 2,136,407</u> | <u>\$ 2,136,407</u> |

NOTE 6: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2016:

| <u>Type of Indebtedness</u> | <u>Balance</u> <u>July 1, 2015</u> | <u>Adjustments/</u> <u>Additions</u> | <u>Retirements</u> | <u>Balance</u> <u>June 30, 2016</u> | <u>Amounts</u> <u>Due Within</u> <u>One Year</u> |
|---------------------------------|---------------------------------------|---|---------------------|--|--|
| Governmental Activities | | | | | |
| Pension Obligation Bonds | \$ 3,567,000 | \$ - | (\$ 408,000) | \$ 3,159,000 | \$ 437,000 |
| Capital Leases Payable | 57,802 | 408,509 | (111,383) | 354,928 | 109,608 |
| Compensated Absences | 355,857 | 283,708 | (244,505) | 395,060 | 395,060 |
| Court Repayment Liability | <u>375,097</u> | <u>-</u> | <u>(229,840)</u> | <u>145,257</u> | <u>51,385</u> |
| Total Governmental Activities | <u>\$ 4,355,756</u> | <u>\$ 692,217</u> | <u>(\$ 993,728)</u> | <u>\$ 4,054,245</u> | <u>\$ 993,053</u> |
| Business-Type Activities | | | | | |
| Closure/Postclosure | <u>\$ 3,812,905</u> | <u>\$ 1,109,188</u> | <u>\$ -</u> | <u>\$ 4,922,093</u> | <u>\$ -</u> |
| Total Business-Type Activities | <u>\$ 3,812,905</u> | <u>\$ 1,109,188</u> | <u>\$ -</u> | <u>\$ 4,922,093</u> | <u>\$ -</u> |

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

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

Individual issues of debt payable outstanding at June 30, 2016, are as follows:

Pension Obligation Bonds:

2012 Taxable Pension Obligation Bonds issued June 21, 2012, in the amount of \$4,630,000, due in annual installments of \$166,000 to \$311,000, with an interest rate of 4.60%, and a maturity on June 30, 2022. The bonds were used for the purposes of (a) refinancing the issuer's outstanding "side fund" obligations in respect of retired miscellaneous employees to the California Public Employees' Retirement System and (b) paying the costs associated with the issuance of the bonds.

| | |
|--------------------------------|---------------------|
| | <u>\$ 3,159,000</u> |
| Total Pension Obligation Bonds | <u>3,159,000</u> |
| Total Governmental Activities | <u>\$ 3,159,000</u> |

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

| Year Ended <u>June 30</u> | Pension Obligation Bonds | | |
|------------------------------|--------------------------|-------------------|---------------------|
| | Principal | Interest | Total |
| 2017 | \$ 437,000 | \$ 140,300 | \$ 577,300 |
| 2018 | 468,000 | 119,853 | 587,853 |
| 2019 | 504,000 | 97,888 | 601,888 |
| 2020 | 543,000 | 74,244 | 617,244 |
| 2021 | 584,000 | 48,806 | 632,806 |
| 2022 | 623,000 | 21,482 | 644,482 |
| Total | <u>\$ 3,159,000</u> | <u>\$ 502,573</u> | <u>\$ 3,661,573</u> |

NOTE 7: LEASES

Operating Leases

Rental expenses incurred under operating leases are not considered material.

Capital Leases

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

| | Stated Interest Rate | Present Value of Remaining Payments at June 30, 2016 |
|-------------------------|-------------------------|---|
| Governmental activities | 2.414-3.200% | <u>\$ 354,928</u> |
| Total | | <u>\$ 354,928</u> |

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 7: LEASES (CONTINUED)

Capital Leases (Continued)

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

| | Governmental Activities |
|-------------------------------|----------------------------|
| Equipment | \$ 631,460 |
| Less accumulated depreciation | (158,934) |
| Net Value | \$ 472,526 |

As of June 30, 2016, capital lease annual amortization is as follows:

| Year Ended June 30 | Governmental Activities |
|-------------------------------------|----------------------------|
| 2017 | \$ 116,093 |
| 2018 | 85,798 |
| 2019 | 85,798 |
| 2020 | 85,798 |
| Total Requirements | 373,487 |
| Less Interest | (18,559) |
| Present Value of Remaining Payments | \$ 354,928 |

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 \$4,922,093 reported as closure/postclosure liability at June 30, 2016, represents the cumulative amount reported to date based on the estimate of 94.96 percent of total permitted site capacity filled.

The County will recognize the remaining estimated cost of closure and postclosure care of \$261,240 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 2016. 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, 2016, cash and investments of \$1,789,242 were held for these purposes. This deposit is held in the Solid Waste fund.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 8: CLOSURE/POSTCLOSURE (CONTINUED)

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

The County has pledged Solid Waste assessments and fees to secure the payment of postclosure costs of the landfill in accordance with the terms and the provisions of the agreement with the California Department of Resources Recycling and Recovery (CalRecycle). The amount of the pledged revenue shall be equal to \$51,900 per year for the thirty (30) year period of postclosure maintenance, representing the most recent monitoring and postclosure maintenance costs estimate for the Loyaltan 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: COURT REPAYMENT LIABILITY

The Court Repayment Liability is the amount to be paid to the State Administrative Office of the Courts (AOC) in connection with the County's share of the court rehab costs incurred during the 2014/2015 fiscal year. The liability will be satisfied by withholding from the court facility payments made by the AOC to the County. The withholding will continue until the debt is fully retired.

NOTE 10: NET POSITION

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

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

Net Position Flow Assumption

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

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 11: 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. As of June 30, 2016, fund balance for governmental funds is made up of the following:

- **Nonspendable fund balance** - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.
- **Restricted fund balance** - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed or lifted with the consent of resource providers.
- **Committed fund balance** - amounts that can only be used for the specific purposes determined by formal action of the County’s highest level of decision-making authority. The Board of Supervisors is the highest level of decision making authority for the County that can, by adoption of an ordinance commit fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned fund balance** - amounts that are constrained by the County’s intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose.
- **Unassigned fund balance** - the residual classification for the County’s General fund that includes all amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 11: FUND BALANCES (CONTINUED)

The fund balances for all major and nonmajor governmental funds as of June 30, 2016, were distributed as follows:

| | General Fund | Road | Human Services | Public Health and Drug Programs | Other Governmental Funds | Total |
|-----------------------------------|-------------------|-------------------|---------------------|---------------------------------------|--------------------------------|---------------------|
| Nonspendable: | | | | | | |
| Prepaid costs | \$ 340,526 | \$ - | \$ - | \$ - | \$ - | \$ 340,526 |
| Inventory | - | 57,464 | - | - | - | 57,464 |
| Subtotal | <u>340,526</u> | <u>57,464</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>397,990</u> |
| Restricted for: | | | | | | |
| Road programs | - | 230,771 | - | - | - | 230,771 |
| Welfare programs | - | - | 195,226 | - | - | 195,226 |
| Social Service programs | - | - | 1,537,215 | - | - | 1,537,215 |
| Protective Services programs | - | - | 2,616,609 | - | - | 2,616,609 |
| CalWorks programs | - | - | 8,946 | - | - | 8,946 |
| Public Health & Drug programs | - | - | - | 7,358,934 | - | 7,358,934 |
| Fish and Game | - | - | - | - | 6,133 | 6,133 |
| Aviation | - | - | - | - | 27,161 | 27,161 |
| Predator Control | - | - | - | - | 686 | 686 |
| Clerk Recorder | - | - | - | - | 52,550 | 52,550 |
| Court Fines | - | - | - | - | 48,207 | 48,207 |
| Law Enforcement | - | - | - | - | 1,518,988 | 1,518,988 |
| Board of Supervisors | - | - | - | - | 45,963 | 45,963 |
| FireSafe programs | - | - | - | - | 104,760 | 104,760 |
| Tax related costs | - | - | - | - | 35,315 | 35,315 |
| Special Districts Under the Board | - | - | - | - | 200,608 | 200,608 |
| Debt Service | - | - | - | - | 165,645 | 165,645 |
| Subtotal | <u>-</u> | <u>230,771</u> | <u>4,357,996</u> | <u>7,358,934</u> | <u>2,206,016</u> | <u>14,153,717</u> |
| Unassigned | <u>469,297</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(2,322)</u> | <u>466,975</u> |
| Total | <u>\$ 809,823</u> | <u>\$ 288,235</u> | <u>\$ 4,357,996</u> | <u>\$ 7,358,934</u> | <u>\$ 2,203,694</u> | <u>\$15,018,682</u> |

Fund Balance Flow Assumption

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, 2016

NOTE 12: PENSION PLANS

A. General Information about the Pension Plans

Plan Descriptions

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

Effective January 1, 2013, the County added retirement tiers for both Miscellaneous and Safety Plans 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 Plans and Eligible Participants

Open for New Enrollment

Miscellaneous PEPRA
Safety Police PEPRA

Miscellaneous members hired on or after January 1, 2013
Active safety employees hired on or after January 1, 2013

Closed to New Enrollment

Miscellaneous
Safety

Miscellaneous members hired before January 1, 2013
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 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 each plan are applied as specified by the Public Employees' Retirement Law.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 12: PENSION PLANS (CONTINUED)

A. General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

Each Plan's specific provisions and benefits in effect at June 30, 2016, are summarized as follows:

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

Contributions

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

| | <u>Employer Contribution Rates</u> | <u>Employee Contribution Rates</u> | <u>Employer Paid Member Contribution Rates</u> |
|---------------------|--|--|--|
| Miscellaneous | 10.958% | 8.000% | 0.000% |
| Miscellaneous PEPRA | 6.237% | 6.250% | 0.000% |
| Safety | 16.523% | 9.000% | 0.000% |
| Safety PEPRA | 11.500% | 11.500% | 0.000% |

For the year ended June 30, 2016, the contributions recognized as part of pension expense for each Plan were as follows:

| | <u>Contributions-Employer</u> | <u>Contributions-Employee (Paid by Employer)</u> |
|---------------|-------------------------------|--|
| Miscellaneous | \$ 1,575,804 | \$ - |
| Safety | 372,624 | - |

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 12: PENSION PLANS (CONTINUED)

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

The County's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2015, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 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 plans relative to the projected contributions of all participating employers, actuarially determined.

The County's proportionate share of the net pension liability for each Plan as of June 30, 2014 and 2015 was as follows:

| | <u>Proportion June 30, 2014</u> | <u>Proportion June 30, 2015</u> | <u>Change - Increase (Decrease)</u> |
|---------------|-------------------------------------|-------------------------------------|---|
| Miscellaneous | .13913% | .16663% | (.02750)% |
| Safety | .04919% | .04332% | (.00587)% |

As of June 30, 2016, the County reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

| | <u>Proportionate Share of Net Pension Liability</u> |
|--|---|
| Miscellaneous | \$ 11,437,030 |
| Safety | <u>2,973,244</u> |
| Total Net Pension Liability | <u>14,410,274</u> |
| Less: amount allocated to independent entities | (840,182) |
| Total | <u>\$ 13,570,092</u> |

For the year ended June 30, 2016, the County recognized pension expense of \$144,900. At June 30, 2016, 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 measurement date | \$ 1,453,750 | \$ - |
| Changes in assumptions | - | (584,542) |
| Difference between expected and actual experience | 5,833 | - |
| Differences between projected and actual earnings on pension plan investments | - | (293,989) |
| Difference between County contributions and proportionate share of contributions | - | (125,339) |
| Adjustment due to differences in proportions | <u>128,641</u> | <u>-</u> |
| Total | <u>1,588,224</u> | <u>(1,003,870)</u> |
| Less: amount allocated to independent entities | (53,324) | (99,454) |
| Total | <u>\$ 1,534,900</u> | <u>(\$ 904,416)</u> |

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 12: PENSION PLANS (CONTINUED)

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

\$1,453,750 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Year Ended <u>June 30</u> | |
|------------------------------|----------------------------|
| 2017 | (\$ 528,073) |
| 2018 | (518,052) |
| 2019 | (443,298) |
| 2020 | <u>620,027</u> |
| Total | <u><u>(\$ 869,396)</u></u> |

Actuarial Assumptions

The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

| | |
|----------------------------------|---|
| Valuation Date | June 30, 2014 |
| Measurement Date | June 30, 2015 |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 7.65% |
| Inflation | 2.75% |
| Salary Increase | Varies by Entry Age and Service |
| Mortality | Derived using CalPERS membership data for all funds |
| Post Retirement benefit Increase | Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter |

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Change of Assumptions

GASB 68, paragraph 68 states that long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 12: PENSION PLANS (CONTINUED)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at the CalPERS website under the GASB 68 section.

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

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

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

| <u>Asset Class</u> | <u>New Strategic Allocation</u> | <u>Real Return Years 1 - 10(a)</u> | <u>Real Return Years 11+(b)</u> |
|-------------------------------|---------------------------------|------------------------------------|---------------------------------|
| Global Equity | 51.0% | 5.25% | 5.71% |
| Global Debt Securities | 19.0% | 0.99% | 2.43% |
| Inflation Sensitive | 6.0% | 0.45% | 3.36% |
| Private Equity | 10.0% | 6.83% | 6.95% |
| Real Estate | 10.0% | 4.50% | 5.13% |
| Infrastructure and Forestland | 2.0% | 4.50% | 5.09% |
| Liquidity | <u>2.0%</u> | -0.55% | -1.05% |
| Total | <u>100%</u> | | |

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 12: PENSION PLANS (CONTINUED)

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

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

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

| | 1% Decrease <u>6.65%</u> | Discount Rate <u>7.65%</u> | 1% Increase <u>8.65%</u> |
|---------------|--------------------------------|----------------------------------|--------------------------------|
| Miscellaneous | \$ 18,489,880 | \$ 11,437,030 | \$ 5,614,084 |
| Safety | 5,139,258 | 2,973,244 | 1,197,151 |

Pension Plan Fiduciary Net Position

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

NOTE 13: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. Plan Description

The County provides medical, dental and vision insurance to retirees who meet the following requirements:

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

For those employees who meet the requirements, the County will pay 100 percent of the cost of healthcare coverage for the employee and spouse up to an amount fixed at the time of termination or retirement. The retiree is required to pay any excess amount should healthcare premiums exceed the retiree's cap.

Benefits and coverage end 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 becomes eligible for Medicare
- At the retiree's death.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 13: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

B. Funding Policy

As required by GASB 45, an actuary will determine the County's Annual Required Contributions (ARC) at least once every two fiscal years. The ARC is calculated in accordance with certain parameters, and includes (1) the Normal Cost for one year, and (2) a component for amortization of the total unfunded actuarial accrued liability (UAAL) over 30 years on a level-dollar basis.

GASB 45 does not require pre-funding of OPEB benefits. Therefore, the County's funding policy is to continue to pay healthcare premiums for retirees as they fall due. The County has elected not to fund an irrevocable trust at this time. The Board of Supervisors reserves the authority to review and amend this funding policy from time to time, in order to ensure that the funding policy continues to best suit the circumstances of the County.

C. Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment benefits (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year. The County elected to prepay the unfunded actuarial liability.

The following table shows the County's annual OPEB cost for the year, the amount actually contributed to the plan, and the County's net OPEB obligation (asset).

| | |
|---|----------------------------|
| Annual required contribution | \$ 146,894 |
| Interest on net OPEB obligation | (23,203) |
| Adjustments to annual required contribution | <u>22,290</u> |
| Annual OPEB Cost | 145,981 |
| Contributions made: | |
| Pay as you go contribution | (142,899) |
| Implicit Subsidy | <u>(55,456)</u> |
| Increase (Decrease) in Net OPEB Obligation | (52,374) |
| Net OPEB Obligation (Asset) Beginning | <u>(527,175)</u> |
| Net OPEB Obligation (Asset) Ending | <u><u>(\$ 579,549)</u></u> |

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the current and prior two years are as follows:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation (Asset) |
|----------------------|---------------------|--|--------------------------------|
| June 30, 2014 | \$ 146,317 | 184% | (\$ 483,974) |
| June 30, 2015 | 145,930 | 130% | (527,175) |
| June 30, 2016 | 145,981 | 136% | (579,549) |

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 13: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

D. Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the plan was 0.00 percent funded. The actuarial accrued liability for benefits was \$1,829,931 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,829,931. The covered payroll (annual payroll of employees covered by the plan) was \$4,423,122, and the ratio to the UAAL to the covered payroll was 41.37 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the County are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The most recent actuarial valuation was performed as of July 1, 2014. The assumptions used for this valuation are in accordance with CalPers' "OPEB Assumption Model", which describes guidelines to be used for retiree healthcare valuations for plans intending to pre-fund benefits through California Employers' Retiree Benefit Trust (CERBT).

The annual rate of return on assets used to pay for benefits is assumed to be 4.00 percent (assumed rate of return on general assets). The rate of return for assets in a trust is assumed to be 7.50 percent. Salaries are assumed to increase annually at 3.25 percent, and an assumed increase for amortization payments of 3.25 percent.

These assumptions reflect an implicit 3.0 percent general inflation assumption. The County's unfunded actuarial accrued liability is being amortized using the level dollar method on a closed basis over 30 years. The remaining amortization period as of June 30, 2016 was 29 years.

NOTE 14: 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).

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 14: DEFERRED COMPENSATION PLAN (CONTINUED)

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 15: RISK MANAGEMENT

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

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

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

Settled claims have not exceeded the commercial coverage in any of the past three fiscal years and there has not been a significant reduction in coverage in fiscal year 2015/2016.

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 \$1,100,090 is included in the General fund as a prepaid cost.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 15: RISK MANAGEMENT (CONTINUED)

Changes in the County's claims liability amount for the fiscal years 2014, 2015, and 2016 were as follows:

| | Balance at Beginning of Fiscal Year | Current Year Claims | Claims Payments and Changes In Estimates | Balance at End of Fiscal Year |
|------|---|------------------------|--|-------------------------------------|
| 2014 | \$ 557,877 | \$ 113,124 | (\$ 118,363) | \$ 552,638 |
| 2015 | 552,638 | 515,700 | (363,173) | 705,165 |
| 2016 | 705,165 | 312,438 | (229,951) | 787,652 |

NOTE 16: OTHER INFORMATION

A. Contingencies

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

B. Subsequent Events

Management has evaluated events subsequent to June 30, 2016 through January 4, 2017, the date on which the financial statements were available for issuance. Management has determined no other subsequent events requiring disclosure have occurred.

**Required Supplementary Information
(Unaudited)**

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COUNTY OF SIERRA
Required Supplementary Information
County Pension Plans
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2016
Last 10 Years*

| | 2015 | 2016 |
|--|--------------|---------------|
| Miscellaneous Plan | | |
| Proportion of the net pension liability | 0.13913% | 0.16660% |
| Proportionate share of the net pension liability | \$ 8,657,213 | \$ 11,437,030 |
| Covered employee payroll | 4,443,361 | 4,443,361 |
| Proportionate share of the net pension liability as a percentage of covered employee payroll | 194.83% | 257.40% |
| Plan fiduciary net position as a percentage of the total pension liability | 83.03% | 77.92% |
| | | |
| Safety Plan | | |
| Proportion of the net pension liability | 0.04919% | 0.04330% |
| Proportionate share of the net pension liability | \$ 3,060,592 | \$ 2,973,244 |
| Covered employee payroll | 805,861 | 805,861 |
| Proportionate share of the net pension liability as a percentage of covered employee payroll | 379.79% | 368.95% |
| Plan fiduciary net position as a percentage of the total pension liability | 78.92% | 81.18% |

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

COUNTY OF SIERRA
Required Supplementary Information
County Pension Plans
Schedule of Contributions
For the Year Ended June 30, 2016
Last 10 Years*

| | <u>2015**</u> | <u>2016</u> |
|---|--------------------|---------------------|
| Miscellaneous Plan | | |
| Contractually required contribution (actuarially determined) | \$ 1,575,804 | \$ 484,762 |
| Contributions in relation to the actuarially determined contributions | <u>(1,575,804)</u> | <u>(1,034,728)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ (549,966)</u> |
| Covered employee payroll | \$ 4,443,361 | \$ 4,801,525 |
| Contributions as a percentage of covered employee payroll | 35.46% | 21.55% |
| Safety Plan | | |
| Contractually required contribution (actuarially determined) | \$ 372,624 | \$ 191,574 |
| Contributions in relation to the actuarially determined contributions | <u>(372,624)</u> | <u>(419,022)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ (227,448)</u> |
| Covered employee payroll | \$ 805,861 | \$ 964,745 |
| Contributions as a percentage of covered employee payroll | 46.24% | 43.43% |

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

**The June 30, 2015 balances have been restated to agree to the actual contributions per the County records.

COUNTY OF SIERRA
Required Supplementary Information
County Pension Plans
Notes to County Pension Plans
For the Year Ended June 30, 2016

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

Change of assumptions: the discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

NOTE 2: SCHEDULE OF CONTRIBUTIONS

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

| | |
|-------------------------------|--|
| Valuation Date | 6/30/2014 |
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 18 years |
| Asset valuation method | 15-year smoothed market |
| Inflation | 2.75% |
| Salary increases | Varies by entry age and service |
| Investment rate of return | 7.50%, net of pension plan investment expense and administrative expenses, including inflation |
| Retirement age | 55-62 years |

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

| | |
|-------------------------------|--|
| Valuation Date | 6/30/2014 |
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 19 years |
| Asset valuation method | 5-year smoothed market |
| Inflation | 2.75% |
| Salary increases | Varies by entry age and service |
| Investment rate of return | 7.5%, net of pension plan investment and administrative expense, including inflation |
| Retirement age | 55-62 years |

COUNTY OF SIERRA
Required Supplementary Information
County OPEB Plan
Schedule of Funding Progress
For the Year Ended June 30, 2016

SCHEDULE OF FUNDING PROGRESS

The Schedule of Funding Progress - Other Postemployment Benefits provides a consolidated snapshot of the County's ability to meet current and future liabilities with the plan assets. Of particular interest to most is the funded status ratio. This ratio conveys a plan's level of assets to liabilities, an important indicator to determine the financial health of the OPEB plan. The closer the plan is to a 100 percent funded status, the better position it will be in to meet all of its future liabilities.

The table below shows a three year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of July 1, 2014, for the County Other Postemployment Benefit Plan.

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) Entry Age | Unfunded AAL (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage Of Covered Payroll |
|--------------------------------|---------------------------------|---|---------------------------|-----------------|--------------------|--|
| June 30, 2009 | \$ - | \$ 2,306,169 | \$ 2,306,169 | 0.00% | \$ 5,489,039 | 42.00% |
| July 1, 2011 | - | 1,945,464 | 1,945,464 | 0.00% | 5,596,985 | 34.80% |
| July 1, 2014 | - | 1,829,931 | 1,829,931 | 0.00% | 4,423,122 | 41.37% |

COUNTY OF SIERRA
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2016

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts (Budgetary Basis)</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------|-------------------------|---|---|
| REVENUES | | | | |
| Taxes and assessments | \$ 3,715,711 | \$ 3,715,711 | \$ 3,688,542 | \$ (27,169) |
| Licenses, permits, and franchises | 77,300 | 77,300 | 123,582 | 46,282 |
| Fines and forfeitures | 46,000 | 46,000 | 83,706 | 37,706 |
| Intergovernmental | 1,103,205 | 1,130,184 | 904,755 | (225,429) |
| Use of money and property | 21,810 | 21,810 | 58,027 | 36,217 |
| Charges for services | 1,290,343 | 1,290,343 | 1,263,279 | (27,064) |
| Other revenues | 99,589 | 99,589 | 140,368 | 40,779 |
| Total Revenues | <u>6,353,958</u> | <u>6,380,937</u> | <u>6,262,259</u> | <u>(118,678)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 3,128,693 | 3,157,172 | 2,746,908 | 410,264 |
| Public protection | 4,921,245 | 4,933,650 | 4,230,348 | 703,302 |
| Health and welfare | 9,324 | 9,324 | 6,480 | 2,844 |
| Public assistance | 72,127 | 83,222 | 80,119 | 3,103 |
| Education | 45,942 | 45,742 | 43,674 | 2,068 |
| Culture and recreation | 280,927 | 280,927 | 220,883 | 60,044 |
| Public ways and facilities | 46,338 | 46,338 | 44,874 | 1,464 |
| Debt service: | | | | |
| Principal | - | - | 27,109 | (27,109) |
| Interest and other charges | - | - | 1,204 | (1,204) |
| Capital outlay | - | - | 575,539 | (575,539) |
| Total Expenditures | <u>8,504,596</u> | <u>8,556,375</u> | <u>7,977,138</u> | <u>579,237</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(2,150,638)</u> | <u>(2,175,438)</u> | <u>(1,714,879)</u> | <u>460,559</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds of debt | - | - | 408,509 | 408,509 |
| Transfers in | 1,496,912 | 1,511,912 | 1,388,239 | (123,673) |
| Transfers out | (207,902) | (207,902) | (326,724) | (118,822) |
| Total Other Financing Sources (Uses) | <u>1,289,010</u> | <u>1,304,010</u> | <u>1,470,024</u> | <u>166,014</u> |
| Net Change in Fund Balance | <u>(861,628)</u> | <u>(871,428)</u> | <u>(244,855)</u> | <u>626,573</u> |
| Fund Balance - Beginning | <u>1,054,678</u> | <u>1,054,678</u> | <u>1,054,678</u> | <u>-</u> |
| Fund Balance - Ending | <u>\$ 193,050</u> | <u>\$ 183,250</u> | <u>\$ 809,823</u> | <u>\$ 626,573</u> |

COUNTY OF SIERRA
Required Supplementary Information
Budgetary Comparison Schedule
Road - Major Special Revenue Fund
For the Year Ended June 30, 2016

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts (Budgetary Basis)</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------|-------------------------|---|---|
| REVENUES | | | | |
| Intergovernmental | \$ 5,064,253 | \$ 6,292,437 | \$ 1,829,502 | \$ (4,462,935) |
| Use of money and property | 12,000 | 12,000 | 13,350 | 1,350 |
| Charges for services | 580,000 | 580,000 | 526,475 | (53,525) |
| Other revenues | 5,000 | 5,000 | 32,058 | 27,058 |
| Total Revenues | <u>5,661,253</u> | <u>6,889,437</u> | <u>2,401,385</u> | <u>(4,488,052)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public ways and facilities | 6,206,038 | 7,434,222 | 2,233,643 | 5,200,579 |
| Debt service: | | | | |
| Principal | - | - | 29,695 | (29,695) |
| Interest and other charges | - | - | 1,887 | (1,887) |
| Capital outlay | - | - | 382,288 | (382,288) |
| Total Expenditures | <u>6,206,038</u> | <u>7,434,222</u> | <u>2,647,513</u> | <u>4,786,709</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(544,785)</u> | <u>(544,785)</u> | <u>(246,128)</u> | <u>298,657</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 87,921 | 87,921 | 87,921 | - |
| Transfers out | - | - | (136,425) | (136,425) |
| Total Other Financing Sources (Uses) | <u>87,921</u> | <u>87,921</u> | <u>(48,504)</u> | <u>(136,425)</u> |
| Net Change in Fund Balance | <u>(456,864)</u> | <u>(456,864)</u> | <u>(294,632)</u> | <u>162,232</u> |
| Fund Balance - Beginning | <u>582,867</u> | <u>582,867</u> | <u>582,867</u> | <u>-</u> |
| Fund Balance - Ending | <u>\$ 126,003</u> | <u>\$ 126,003</u> | <u>\$ 288,235</u> | <u>\$ 162,232</u> |

COUNTY OF SIERRA
Required Supplementary Information
Budgetary Comparison Schedule
Human Services - Major Special Revenue Fund
For the Year Ended June 30, 2016

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts (Budgetary Basis)</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------|-------------------------|---|---|
| REVENUES | | | | |
| Intergovernmental | \$ 2,614,966 | \$ 2,614,966 | \$ 3,055,827 | \$ 440,861 |
| Use of money | - | - | (102) | (102) |
| Other revenues | - | - | 4,107 | 4,107 |
| Total Revenues | <u>2,614,966</u> | <u>2,614,966</u> | <u>3,059,832</u> | <u>444,866</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public assistance | 2,865,683 | 2,865,683 | 1,979,386 | 886,297 |
| Debt service: | | | | |
| Principal | - | - | 15,475 | (15,475) |
| Interest and other charges | - | - | 459 | (459) |
| Capital outlay | - | - | 68,571 | (68,571) |
| Total Expenditures | <u>2,865,683</u> | <u>2,865,683</u> | <u>2,063,891</u> | <u>801,792</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(250,717)</u> | <u>(250,717)</u> | <u>995,941</u> | <u>1,246,658</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | (116,032) | (116,032) | (181,647) | (65,615) |
| Total Other Financing Sources (Uses) | <u>(116,032)</u> | <u>(116,032)</u> | <u>(181,647)</u> | <u>(65,615)</u> |
| Net Change in Fund Balance | (366,749) | (366,749) | 814,294 | 1,181,043 |
| Fund Balance - Beginning | <u>3,543,702</u> | <u>3,543,702</u> | <u>3,543,702</u> | <u>-</u> |
| Fund Balance - Ending | <u>\$ 3,176,953</u> | <u>\$ 3,176,953</u> | <u>\$ 4,357,996</u> | <u>\$ 1,181,043</u> |

COUNTY OF SIERRA
Required Supplementary Information
Budgetary Comparison Schedule
Public Health and Drug Programs - Major Special Revenue Fund
For the Year Ended June 30, 2016

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts (Budgetary Basis)</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------|-------------------------|---|---|
| REVENUES | | | | |
| Intergovernmental | \$ 3,366,635 | \$ 3,366,635 | \$ 3,598,143 | \$ 231,508 |
| Use of money | 6,000 | 6,000 | 38,746 | 32,746 |
| Charges for services | 9,500 | 9,500 | 48,784 | 39,284 |
| Other revenues | 47,200 | 47,200 | 3,787 | (43,413) |
| Total Revenues | <u>3,429,335</u> | <u>3,429,335</u> | <u>3,689,460</u> | <u>260,125</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Health and welfare | 3,767,929 | 3,767,929 | 2,808,993 | 958,936 |
| Debt service: | | | | |
| Principal | - | - | 21,605 | (21,605) |
| Interest and other charges | - | - | 641 | (641) |
| Capital outlay | - | - | 7,489 | (7,489) |
| Total Expenditures | <u>3,767,929</u> | <u>3,767,929</u> | <u>2,838,728</u> | <u>929,201</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(338,594)</u> | <u>(338,594)</u> | <u>850,732</u> | <u>1,189,326</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 123,362 | 123,362 | 123,362 | - |
| Transfers out | - | - | (85,971) | (85,971) |
| Total Other Financing Sources (Uses) | <u>123,362</u> | <u>123,362</u> | <u>37,391</u> | <u>(85,971)</u> |
| Net Change in Fund Balance | <u>(215,232)</u> | <u>(215,232)</u> | <u>888,123</u> | <u>1,103,355</u> |
| Fund Balance - Beginning | <u>6,470,811</u> | <u>6,470,811</u> | <u>6,470,811</u> | <u>-</u> |
| Fund Balance - Ending | <u>\$ 6,255,579</u> | <u>\$ 6,255,579</u> | <u>\$ 7,358,934</u> | <u>\$ 1,103,355</u> |

COUNTY OF SIERRA
Required Supplementary Information
Notes to Budgetary Comparison Schedules
For the Year Ended June 30, 2016

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 budgets 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 Statements

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Nonmajor Governmental Funds

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COUNTY OF SIERRA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

| | Special Revenue | Debt Service | Total |
|--|----------------------------|-------------------------|---------------------|
| ASSETS | | | |
| Cash and investments | \$ 1,899,631 | \$ 164,870 | \$ 2,064,501 |
| Receivables: | | | |
| Taxes | 4,726 | - | 4,726 |
| Intergovernmental | 163,696 | - | 163,696 |
| Deposits | - | 775 | 775 |
| Due from other funds | 3,785 | - | 3,785 |
| | <u>3,785</u> | <u>-</u> | <u>3,785</u> |
| Total Assets | <u>\$ 2,071,838</u> | <u>\$ 165,645</u> | <u>\$ 2,237,483</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 26,127 | \$ - | \$ 26,127 |
| Salaries and benefits payable | 3,877 | - | 3,877 |
| Due to other funds | 3,785 | - | 3,785 |
| | <u>33,789</u> | <u>-</u> | <u>33,789</u> |
| Total Liabilities | <u>33,789</u> | <u>-</u> | <u>33,789</u> |
| FUND BALANCES | | | |
| Restricted | 2,040,371 | 165,645 | 2,206,016 |
| Unassigned | (2,322) | - | (2,322) |
| | <u>2,038,049</u> | <u>165,645</u> | <u>2,203,694</u> |
| Total Fund Balances | <u>2,038,049</u> | <u>165,645</u> | <u>2,203,694</u> |
| Total Liabilities and Fund Balances | <u>\$ 2,071,838</u> | <u>\$ 165,645</u> | <u>\$ 2,237,483</u> |

COUNTY OF SIERRA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

| | Special Revenue | Debt Service | Total |
|---|----------------------------|-------------------------|---------------------|
| REVENUES | | | |
| Taxes and assessments | \$ 151,641 | \$ - | \$ 151,641 |
| Fines and forfeitures | 39,826 | - | 39,826 |
| Intergovernmental | 1,873,206 | 87,869 | 1,961,075 |
| Use of money and property | 3,448 | 441 | 3,889 |
| Charges for services | 176,977 | - | 176,977 |
| Other revenues | 13,620 | 22,452 | 36,072 |
| | 2,258,718 | 110,762 | 2,369,480 |
| Total Revenues | | | |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 202,667 | 795 | 203,462 |
| Public protection | 370,544 | - | 370,544 |
| Public ways and facilities | 193,582 | - | 193,582 |
| Debt service: | | | |
| Principal | 17,499 | 408,000 | 425,499 |
| Interest and other charges | 519 | 159,383 | 159,902 |
| Capital Outlay | 121,661 | - | 121,661 |
| | 906,472 | 568,178 | 1,474,650 |
| Total Expenditures | | | |
| Excess of Revenues Over (Under) Expenditures | 1,352,246 | (457,416) | 894,830 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 22,038 | 504,847 | 526,885 |
| Transfers out | (1,404,217) | - | (1,404,217) |
| | (1,382,179) | 504,847 | (877,332) |
| Total Other Financing Sources (Uses) | | | |
| Net Change in Fund Balances | (29,933) | 47,431 | 17,498 |
| Fund Balances - Beginning | 2,067,982 | 118,214 | 2,186,196 |
| Fund Balances - Ending | \$ 2,038,049 | \$ 165,645 | \$ 2,203,694 |

Nonmajor Governmental Funds

- **Special Revenue Funds**

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COUNTY OF SIERRA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2016

| | <u>Fish and Game</u> | <u>Aviation</u> | <u>Predator Control</u> | <u>Clerk Recorder</u> | <u>Court Fines</u> |
|--|--------------------------|------------------|-----------------------------|---------------------------|------------------------|
| ASSETS | | | | | |
| Cash and investments | \$ 6,133 | \$ 27,257 | \$ 686 | \$ 52,947 | \$ 48,207 |
| Receivables: | | | | | |
| Taxes | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - |
| Due from other funds | - | - | - | - | - |
| Total Assets | <u>\$ 6,133</u> | <u>\$ 27,257</u> | <u>\$ 686</u> | <u>\$ 52,947</u> | <u>\$ 48,207</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ - | \$ 96 | \$ - | \$ 397 | \$ - |
| Salaries and benefits payable | - | - | - | - | - |
| Due to other funds | - | - | - | - | - |
| Total Liabilities | <u>-</u> | <u>96</u> | <u>-</u> | <u>397</u> | <u>-</u> |
| FUND BALANCES | | | | | |
| Restricted | 6,133 | 27,161 | 686 | 52,550 | 48,207 |
| Unassigned | - | - | - | - | - |
| Total Fund Balances (Deficits) | <u>6,133</u> | <u>27,161</u> | <u>686</u> | <u>52,550</u> | <u>48,207</u> |
| Total Liabilities and Fund Balances | <u>\$ 6,133</u> | <u>\$ 27,257</u> | <u>\$ 686</u> | <u>\$ 52,947</u> | <u>\$ 48,207</u> |

| Law Enforcement | Board of Supervisors | Fire Safe | Tax Related Costs Trust | Office of Emergency Services | Special Districts Under the Board | Total |
|------------------------|-----------------------------|-------------------|--------------------------------|-------------------------------------|--|---------------------|
| \$ 1,368,988 | \$ 51,940 | \$ 101,368 | \$ 36,148 | \$ - | \$ 205,957 | \$ 1,899,631 |
| - | - | - | - | - | 4,726 | 4,726 |
| 150,843 | 611 | - | - | 12,242 | - | 163,696 |
| - | - | 3,785 | - | - | - | 3,785 |
| <u>\$ 1,519,831</u> | <u>\$ 52,551</u> | <u>\$ 105,153</u> | <u>\$ 36,148</u> | <u>\$ 12,242</u> | <u>\$ 210,683</u> | <u>\$ 2,071,838</u> |
| \$ 843 | \$ 6,588 | \$ 393 | \$ 833 | \$ 10,779 | \$ 6,198 | \$ 26,127 |
| - | - | - | - | - | 3,877 | 3,877 |
| - | - | - | - | 3,785 | - | 3,785 |
| <u>843</u> | <u>6,588</u> | <u>393</u> | <u>833</u> | <u>14,564</u> | <u>10,075</u> | <u>33,789</u> |
| 1,518,988 | 45,963 | 104,760 | 35,315 | - | 200,608 | 2,040,371 |
| - | - | - | - | (2,322) | - | (2,322) |
| <u>1,518,988</u> | <u>45,963</u> | <u>104,760</u> | <u>35,315</u> | <u>(2,322)</u> | <u>200,608</u> | <u>2,038,049</u> |
| <u>\$ 1,519,831</u> | <u>\$ 52,551</u> | <u>\$ 105,153</u> | <u>\$ 36,148</u> | <u>\$ 12,242</u> | <u>\$ 210,683</u> | <u>\$ 2,071,838</u> |

COUNTY OF SIERRA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2016

| | <u>Fish and Game</u> | <u>Aviation</u> | <u>Predator Control</u> | <u>Clerk Recorder</u> | <u>Court Fines</u> |
|---|--------------------------|------------------|-----------------------------|---------------------------|------------------------|
| REVENUES | | | | | |
| Taxes and assessments | \$ - | \$ - | \$ - | \$ - | \$ - |
| Fines and forfeitures | 2,079 | - | - | - | 1,606 |
| Intergovernmental | - | 40,000 | 82 | - | - |
| Use of money and property | - | - | - | - | - |
| Charges for services | - | - | - | 99,713 | - |
| Other revenues | 3,510 | - | - | 2,688 | - |
| Total Revenues | <u>5,589</u> | <u>40,000</u> | <u>82</u> | <u>102,401</u> | <u>1,606</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 2,072 | - | - | 97,620 | - |
| Public protection | - | - | - | - | - |
| Public ways and facilities | - | 7,833 | - | - | - |
| Debt service: | | | | | |
| Principal | - | - | - | - | - |
| Interest and other charges | - | - | - | - | - |
| Capital outlay | - | - | - | 1,000 | - |
| Total Expenditures | <u>2,072</u> | <u>7,833</u> | <u>-</u> | <u>98,620</u> | <u>-</u> |
| Excess of Revenues Over (Under) Expenditures | <u>3,517</u> | <u>32,167</u> | <u>82</u> | <u>3,781</u> | <u>1,606</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | - | - | - | - |
| Transfers out | - | - | - | (6,000) | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>(6,000)</u> | <u>-</u> |
| Net Change in Fund Balances | 3,517 | 32,167 | 82 | (2,219) | 1,606 |
| Fund Balances - Beginning | <u>2,616</u> | <u>(5,006)</u> | <u>604</u> | <u>54,769</u> | <u>46,601</u> |
| Fund Balances - Ending | <u>\$ 6,133</u> | <u>\$ 27,161</u> | <u>\$ 686</u> | <u>\$ 52,550</u> | <u>\$ 48,207</u> |

| Law Enforcement | Board of Supervisors | Fire Safe | Tax Related Costs Trust | Office of Emergency Services | Special Districts Under the Board | Total |
|------------------------|-----------------------------|-------------------|--------------------------------|-------------------------------------|--|---------------------|
| \$ - | \$ - | \$ - | \$ 1,900 | \$ - | \$ 149,741 | \$ 151,641 |
| 3,510 | 32,631 | - | - | - | - | 39,826 |
| 1,713,969 | 13,465 | 29,792 | - | 75,898 | - | 1,873,206 |
| 2,572 | - | - | - | - | 876 | 3,448 |
| - | - | - | 3,374 | - | 73,890 | 176,977 |
| 298 | - | - | 7,124 | - | - | 13,620 |
| <u>1,720,349</u> | <u>46,096</u> | <u>29,792</u> | <u>12,398</u> | <u>75,898</u> | <u>224,507</u> | <u>2,258,718</u> |
| - | 18,957 | - | 13,162 | - | 70,856 | 202,667 |
| 287,397 | 20,383 | 46,456 | - | 16,308 | - | 370,544 |
| - | - | - | - | - | 185,749 | 193,582 |
| 17,499 | - | - | - | - | - | 17,499 |
| 519 | - | - | - | - | - | 519 |
| 8,927 | 32,365 | - | 1,500 | 77,869 | - | 121,661 |
| <u>314,342</u> | <u>71,705</u> | <u>46,456</u> | <u>14,662</u> | <u>94,177</u> | <u>256,605</u> | <u>906,472</u> |
| <u>1,406,007</u> | <u>(25,609)</u> | <u>(16,664)</u> | <u>(2,264)</u> | <u>(18,279)</u> | <u>(32,098)</u> | <u>1,352,246</u> |
| - | - | - | - | - | 22,038 | 22,038 |
| <u>(1,382,238)</u> | <u>-</u> | <u>(10,000)</u> | <u>-</u> | <u>-</u> | <u>(5,979)</u> | <u>(1,404,217)</u> |
| <u>(1,382,238)</u> | <u>-</u> | <u>(10,000)</u> | <u>-</u> | <u>-</u> | <u>16,059</u> | <u>(1,382,179)</u> |
| 23,769 | (25,609) | (26,664) | (2,264) | (18,279) | (16,039) | (29,933) |
| <u>1,495,219</u> | <u>71,572</u> | <u>131,424</u> | <u>37,579</u> | <u>15,957</u> | <u>216,647</u> | <u>2,067,982</u> |
| <u>\$ 1,518,988</u> | <u>\$ 45,963</u> | <u>\$ 104,760</u> | <u>\$ 35,315</u> | <u>\$ (2,322)</u> | <u>\$ 200,608</u> | <u>\$ 2,038,049</u> |

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Nonmajor Governmental Funds

- **Debt Service Funds**

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COUNTY OF SIERRA
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2016

| | Debt Service | Debt Service Court | Totals |
|---|-------------------------|-----------------------------------|-------------------|
| ASSETS | | | |
| Cash and investments | \$ 1,214 | \$ 163,656 | \$ 164,870 |
| Deposits | 775 | - | 775 |
| Total Assets | \$ 1,989 | \$ 163,656 | \$ 165,645 |
| LIABILITIES | | | |
| Accounts payable | \$ - | \$ - | \$ - |
| Total Liabilities | - | - | - |
| FUND BALANCE | | | |
| Restricted | 1,989 | 163,656 | 165,645 |
| Total Fund Balance | 1,989 | 163,656 | 165,645 |
| Total Liabilities and Fund Balance | \$ 1,989 | \$ 163,656 | \$ 165,645 |

COUNTY OF SIERRA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Nonmajor Debt Service Funds
For the Year Ended June 30, 2016

| | <u>Debt Service</u> | <u>Debt Service Court</u> | <u>Totals</u> |
|---|-------------------------|-----------------------------------|-------------------|
| REVENUES | | | |
| Intergovernmental | \$ - | \$ 87,869 | \$ 87,869 |
| Use of money | - | 441 | 441 |
| Other revenues | 22,452 | - | 22,452 |
| Total Revenues | <u>22,452</u> | <u>88,310</u> | <u>110,762</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 795 | - | 795 |
| Debt service: | | | |
| Principal | 408,000 | - | 408,000 |
| Interest and other charges | 159,383 | - | 159,383 |
| Total Expenditures | <u>568,178</u> | <u>-</u> | <u>568,178</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(545,726)</u> | <u>88,310</u> | <u>(457,416)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 504,847 | - | 504,847 |
| Total Other Financing Sources (Uses) | <u>504,847</u> | <u>-</u> | <u>504,847</u> |
| Net Change in Fund Balance | (40,879) | 88,310 | 47,431 |
| Fund Balance - Beginning | <u>42,868</u> | <u>75,346</u> | <u>118,214</u> |
| Fund Balance - Ending | <u>\$ 1,989</u> | <u>\$ 163,656</u> | <u>\$ 165,645</u> |

Nonmajor Governmental Funds

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

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COUNTY OF SIERRA
Combining Balance Sheet
Special Districts Under the Board
(A Nonmajor Special Revenue Fund)
June 30, 2016

| | <u>Co. Service Area #1</u> | <u>Co. Service Area #2</u> | <u>Co. Service Area #3</u> | <u>Co. Service Area #4</u> |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| ASSETS | | | | |
| Cash and investments | \$ - | \$ 14,425 | \$ - | \$ 7,126 |
| Receivables: | | | | |
| Taxes | 307 | 606 | 423 | 191 |
| | <u>307</u> | <u>606</u> | <u>423</u> | <u>191</u> |
| Total Assets | <u>\$ 307</u> | <u>\$ 15,031</u> | <u>\$ 423</u> | <u>\$ 7,317</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 34 | \$ 404 | \$ 1,078 | \$ 29 |
| Salaries and benefits payable | - | - | - | - |
| | <u>34</u> | <u>404</u> | <u>1,078</u> | <u>29</u> |
| Total Liabilities | <u>34</u> | <u>404</u> | <u>1,078</u> | <u>29</u> |
| FUND BALANCES | | | | |
| Restricted | <u>273</u> | <u>14,627</u> | <u>(655)</u> | <u>7,288</u> |
| | <u>273</u> | <u>14,627</u> | <u>(655)</u> | <u>7,288</u> |
| Total Fund Balances | <u>273</u> | <u>14,627</u> | <u>(655)</u> | <u>7,288</u> |
| Total Liabilities and Fund Balances | <u>\$ 307</u> | <u>\$ 15,031</u> | <u>\$ 423</u> | <u>\$ 7,317</u> |

| Co. Service Area #5 | Sierra Brooks Water | Verdi Fire Zone | Total |
|--------------------------------|------------------------------------|--------------------------------|-------------------|
| \$ - | \$ 165,419 | \$ 18,987 | \$ 205,957 |
| 429 | 2,770 | - | 4,726 |
| <u>\$ 429</u> | <u>\$ 168,189</u> | <u>\$ 18,987</u> | <u>\$ 210,683</u> |
| \$ 100 | \$ 4,553 | \$ - | \$ 6,198 |
| - | 3,877 | | 3,877 |
| 100 | 8,430 | - | 10,075 |
| 329 | 159,759 | 18,987 | 200,608 |
| 329 | 159,759 | 18,987 | 200,608 |
| <u>\$ 429</u> | <u>\$ 168,189</u> | <u>\$ 18,987</u> | <u>\$ 210,683</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, 2016

| | <u>Co. Service Area #1</u> | <u>Co. Service Area #2</u> | <u>Co. Service Area #3</u> | <u>Co. Service Area #4</u> |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| REVENUES | | | | |
| Taxes and assessments | \$ 9,515 | \$ 23,485 | \$ 13,428 | \$ 6,332 |
| Use of money and property | - | - | - | - |
| Charges for services | - | - | - | - |
| Total Revenues | <u>9,515</u> | <u>23,485</u> | <u>13,428</u> | <u>6,332</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 14,708 | 13,851 | 14,907 | 6,047 |
| Public ways and facilities | - | - | - | - |
| Total Expenditures | <u>14,708</u> | <u>13,851</u> | <u>14,907</u> | <u>6,047</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(5,193)</u> | <u>9,634</u> | <u>(1,479)</u> | <u>285</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 5,207 | - | 1,903 | - |
| Transfers out | (35) | (729) | (452) | (21) |
| Total Other Financing Sources (Uses) | <u>5,172</u> | <u>(729)</u> | <u>1,451</u> | <u>(21)</u> |
| Net Change in Fund Balances | (21) | 8,905 | (28) | 264 |
| Fund Balances - Beginning | <u>294</u> | <u>5,722</u> | <u>(627)</u> | <u>7,024</u> |
| Fund Balances - Ending | <u>\$ 273</u> | <u>\$ 14,627</u> | <u>\$ (655)</u> | <u>\$ 7,288</u> |

| Co. Service Area #5 | Sierra Brooks Water | Verdi Fire Zone | Total |
|--------------------------------|------------------------------------|--------------------------------|-------------------|
| \$ 13,351 | \$ 83,630 | \$ - | \$ 149,741 |
| - | 778 | 98 | 876 |
| - | 70,305 | 3,585 | 73,890 |
| <u>13,351</u> | <u>154,713</u> | <u>3,683</u> | <u>224,507</u> |
| 16,343 | - | 5,000 | 70,856 |
| - | 185,749 | - | 185,749 |
| <u>16,343</u> | <u>185,749</u> | <u>5,000</u> | <u>256,605</u> |
| <u>(2,992)</u> | <u>(31,036)</u> | <u>(1,317)</u> | <u>(32,098)</u> |
| 2,928 | 12,000 | - | 22,038 |
| (5) | (4,737) | - | (5,979) |
| <u>2,923</u> | <u>7,263</u> | <u>-</u> | <u>16,059</u> |
| (69) | (23,773) | (1,317) | (16,039) |
| <u>398</u> | <u>183,532</u> | <u>20,304</u> | <u>216,647</u> |
| <u>\$ 329</u> | <u>\$ 159,759</u> | <u>\$ 18,987</u> | <u>\$ 200,608</u> |

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Nonmajor Proprietary Fund

- **Enterprise Fund**

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COUNTY OF SIERRA
Combining Statement of Net Position
Nonmajor Proprietary Fund
June 30, 2016

| | Transit | Total |
|----------------------------------|----------------|--------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and investments | \$ 12,639 | \$ 12,639 |
| Receivables: | | |
| Intergovernmental | 40,000 | 40,000 |
| Total Current Assets | 52,639 | 52,639 |
| Noncurrent Assets: | | |
| Capital Assets : | | |
| Depreciable, net | 69,262 | 69,262 |
| Total Noncurrent Assets | 69,262 | 69,262 |
| Total Assets | 121,901 | 121,901 |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts payable | - | - |
| Total Current Liabilities | - | - |
| Total Liabilities | - | - |
| NET POSITION | | |
| Investment in capital assets | 69,262 | 69,262 |
| Unrestricted | 52,639 | 52,639 |
| Total Net Position | \$ 121,901 | \$ 121,901 |

COUNTY OF SIERRA
Combining Statement of Revenues, Expenses, and
Changes in Net Position
Nonmajor Proprietary Fund
For the Year Ended June 30, 2016

| | Transit | Total |
|--|----------------|--------------|
| OPERATING REVENUES | | |
| Passenger fares | \$ 21,718 | \$ 21,718 |
| Total Operating Revenues | 21,718 | 21,718 |
| OPERATING EXPENSES | | |
| Purchased transportation | 119,718 | 119,718 |
| Administration | 6,480 | 6,480 |
| Depreciation | 31,904 | 31,904 |
| Total Operating Expenses | 158,102 | 158,102 |
| Operating Income (Loss) | (136,384) | (136,384) |
| NON-OPERATING REVENUES (EXPENSES) | | |
| Intergovernmental | 149,897 | 149,897 |
| Interest income | (41) | (41) |
| Total Non-Operating Revenues (Expenses) | 149,856 | 149,856 |
| Change in Net Position | 13,472 | 13,472 |
| Total Net Position - Beginning | 108,429 | 108,429 |
| Total Net Position - Ending | \$ 121,901 | \$ 121,901 |

COUNTY OF SIERRA
Combining Statement of Cash Flows
Nonmajor Proprietary Fund
For the Year Ended June 30, 2016

| | Transit | Total |
|--|----------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | \$ 21,718 | \$ 21,718 |
| Payments to suppliers | (126,198) | (126,198) |
| Net Cash Provided (Used) by Operating Activities | (104,480) | (104,480) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Intergovernmental revenue received | 109,897 | 109,897 |
| Net Cash Provided (Used) by Noncapital Financing Activities | 109,897 | 109,897 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Purchase of capital assets | - | - |
| Net Cash Provided (Used) by Capital and Related Financing Activities | - | - |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest on investments | (41) | (41) |
| Net Cash Provided (Used) by Investing Activities | (41) | (41) |
| Net Increase (Decrease) in Cash and Cash Equivalents | 5,376 | 5,376 |
| Balance - Beginning | 7,263 | 7,263 |
| Balance - Ending | \$ 12,639 | \$ 12,639 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | |
| Operating income (loss) | \$ (136,384) | \$ (136,384) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 31,904 | 31,904 |
| Net Cash Provided (Used) by Operating Activities | \$ (104,480) | \$ (104,480) |

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Fiduciary Funds

- **Trust and Agency Funds**

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COUNTY OF SIERRA
Combining Statement of Fiduciary Net Position
Investment Trust Funds
June 30, 2016

| | <u>Total Investment Trust Funds</u> |
|-------------------------------------|--|
| ASSETS | |
| Cash and investments | \$ 8,242,049 |
| Total Assets | <u>8,242,049</u> |
| NET POSITION | |
| Held in trust for pool participants | <u>\$ 8,242,049</u> |

COUNTY OF SIERRA
Combining Statement of Changes in Fiduciary Net Position
Investment Trust Funds
For the Year Ending June 30, 2016

| | <u>Total Investment Trust Funds</u> |
|--|--|
| ADDITIONS | |
| Contributions to investment pool | \$ 9,693,053 |
| Revenue from use of money and property | <u>40,934</u> |
| Total Additions | <u>9,733,987</u> |
| DEDUCTIONS | |
| Distributions from investment pool | <u>8,443,447</u> |
| Total Deductions | <u>8,443,447</u> |
| Total Change in Net Position | 1,290,540 |
| Net Position - Beginning | <u>6,951,509</u> |
| Net Position - Ending | <u><u>\$ 8,242,049</u></u> |

COUNTY OF SIERRA
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2016

| | <u>County Departmental Agency</u> | <u>Total Agency Funds</u> |
|------------------------------|---|-----------------------------------|
| ASSETS | | |
| Cash and investments | \$ 275,042 | \$ 275,042 |
| Taxes receivable | 504,974 | 504,974 |
| Total Assets | <u>\$ 780,016</u> | <u>\$ 780,016</u> |
| LIABILITIES | | |
| Agency funds held for others | <u>\$ 780,016</u> | <u>\$ 780,016</u> |
| Total Liabilities | <u>\$ 780,016</u> | <u>\$ 780,016</u> |

COUNTY OF SIERRA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2016

| | <u>Balance</u> <u>June 30, 2015</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>June 30, 2016</u> |
|---|--|-------------------|-------------------|--|
| COUNTY DEPARTMENTAL AGENCY FUNDS | | | | |
| ASSETS | | | | |
| Cash and investments | \$ 245,446 | \$ 248,014 | \$ 218,418 | \$ 275,042 |
| Taxes receivable | 373,497 | 504,974 | 373,497 | 504,974 |
| Total Assets | <u>\$ 618,943</u> | <u>\$ 752,988</u> | <u>\$ 591,915</u> | <u>\$ 780,016</u> |
| LIABILITIES | | | | |
| Agency funds held for others | \$ 618,943 | \$ 752,988 | \$ 591,915 | \$ 780,016 |
| Total Liabilities | <u>\$ 618,943</u> | <u>\$ 752,988</u> | <u>\$ 591,915</u> | <u>\$ 780,016</u> |
| TOTAL AGENCY FUNDS | | | | |
| ASSETS | | | | |
| Cash and investments | \$ 245,446 | \$ 248,014 | \$ 218,418 | \$ 275,042 |
| Taxes receivable | 373,497 | 504,974 | 373,497 | 504,974 |
| Total Assets | <u>\$ 618,943</u> | <u>\$ 752,988</u> | <u>\$ 591,915</u> | <u>\$ 780,016</u> |
| LIABILITIES | | | | |
| Agency funds held for others | 618,943 | 752,988 | 591,915 | 780,016 |
| Total Liabilities | <u>\$ 618,943</u> | <u>\$ 752,988</u> | <u>\$ 591,915</u> | <u>\$ 780,016</u> |