

**COUNTY OF SIERRA,
CALIFORNIA**



**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2017**

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**COUNTY OF SIERRA
Annual Financial Report
For the Year Ended June 30, 2017**

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INTRODUCTORY SECTION

- **List of Officials**

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COUNTY OF SIERRA
List of Officials
For the Year Ended June 30, 2017

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..... Lea Salas
Child Support Services..... Janice Komo-Scarborough
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..... Vickie Clark

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FINANCIAL SECTION

- **Independent Auditor's Report**
- **Management's Discussion and Analysis**
- **Basic Financial Statements**
- **Required Supplementary Information**
- **Combining Nonmajor Fund 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, 2017, 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, 2017, 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 2016-17, the County implemented Governmental Accounting Standards Board (GASB) Statement Nos. 74, 77, 78, 80 and 82. 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, 2016 and the pension expense is for the measurement period of 2015-2016. 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 Plan - Schedule of Proportionate Share of the Net Pension Liability, County Pension Plan - Schedule of Contributions, Notes to the County Pension Plan, 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.

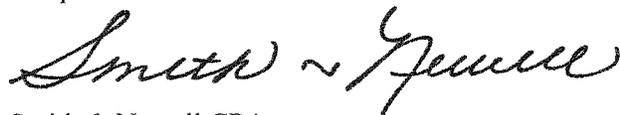
To the Board of Supervisors and Grand Jury
County of Sierra
Downieville, California

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 November 7, 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
November 7, 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, 2017.

Financial Highlights

- ❖ The County of Sierra's assets exceeded its liabilities at the close of the most recent fiscal year by \$13,220,886 (net position). Of this amount (\$20,352,424) (negative unrestricted net position) was available to meet the County's ongoing obligations to citizens and creditors.
- ❖ The County's total net position decreased by \$1,533,134. The primary causes for the decrease resulted from an increase in net pension liability.
- ❖ At the close of the current fiscal year, the County's combined (all governmental funds) ending fund balance was \$15,068,115. This was an increase of \$49,433 in comparison with the prior year. Approximately 99 percent of this total amount or \$14,729,234 is available for spending in the following year's budget.
- ❖ Unrestricted fund balance for the General fund at the close of the current fiscal year was \$302,190.

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, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Sierra County is improving or deteriorating.

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

Both of the Government-Wide Financial Statements distinguish functions of the County of Sierra that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees, fines and charges for 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.

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, one fire zone and one water district. Although legally separate, these entities 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 changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County of Sierra maintains 47 individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General fund, the Road fund, the Human Services fund and the Public Health and Drug Programs fund, all of which are considered to be major funds. Data from the other forty-three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County of Sierra adopts an annual appropriated budget for its General fund and each major special revenue fund. Budgetary comparison schedules (pages 61-64) have been provided for these funds 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 fund – Enterprise funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business – 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 19-21 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 22 and 23 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 24-56 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 and other postemployment 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, nonmajor enterprise funds and fiduciary funds are presented immediately following the required supplementary information. Combining and individual fund 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 exceeded liabilities by \$13,220,886 at the close of the 2016/2017 Fiscal Year.

By far the largest portion of the County's net position (140.10%) 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	
	2017	2016	2017	2016	2017	2016
Assets:						
Current & Other Assets	\$ 18,806,383	\$ 18,080,091	\$ 2,186,704	\$ 1,871,830	\$ 20,993,087	\$ 19,951,921
Capital assets	18,550,503	18,573,916	307,776	227,939	18,858,279	18,801,855
Total Assets	<u>37,356,886</u>	<u>36,654,007</u>	<u>2,494,480</u>	<u>2,099,769</u>	<u>39,851,366</u>	<u>38,753,776</u>
Deferred Outflows of Resources:						
Pension adjustments	3,042,176	1,529,668	22,740	5,232	3,064,916	1,534,900
Liabilities:						
Other Liabilities	19,139,891	15,568,579	98,258	85,323	19,238,149	15,653,902
Long-term liabilities	4,172,492	4,054,245	5,213,739	4,922,093	9,386,231	8,976,338
Total Liabilities	<u>23,312,383</u>	<u>19,622,824</u>	<u>5,311,997</u>	<u>5,007,416</u>	<u>28,624,380</u>	<u>24,630,240</u>
Deferred Inflows of Resources:						
Pension adjustments	1,012,095	910,107	7,117	(5,691)	1,019,212	904,416
Net Position:						
Net Investment in Capital Assets	18,214,875	18,073,731	307,776	227,939	18,522,651	18,301,670
Restricted	15,050,659	14,071,283	-	-	15,050,659	14,071,283
Unrestricted	(17,190,950)	(14,494,270)	(3,161,474)	(3,124,663)	(20,352,424)	(17,618,933)
Total Net Position	<u>\$ 16,074,584</u>	<u>\$ 17,650,744</u>	<u>\$ (2,853,698)</u>	<u>\$ (2,896,724)</u>	<u>\$ 13,220,886</u>	<u>\$ 14,754,020</u>

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

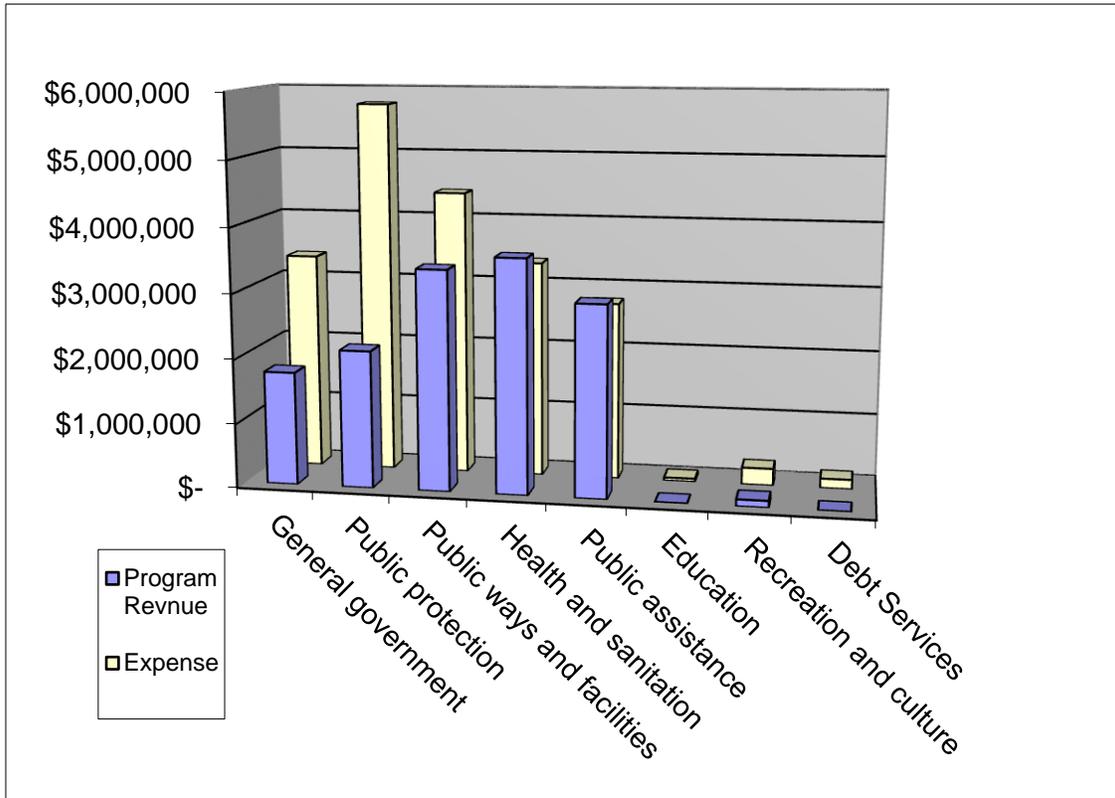
The County's total net position decreased by (\$1,533,134). The primary cause for the decrease resulted from the increase in pension liability. This pension liability will be paid over many years (see Note 12 to the financial statements).

Governmental Activities. Governmental activities decreased the County's net position by (\$1,576,160). Key elements of this decrease are as follows:

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues:						
Charges for Services	\$ 2,205,166	\$ 2,221,614	\$ 1,203,927	\$ 997,145	\$ 3,409,093	\$ 3,218,759
Operating Grants & Contributions	10,342,962	11,513,723	196,026	179,897	10,538,988	11,693,620
Capital Grants	1,438,728	349,226	-	-	1,438,728	349,226
General Revenues:						
Property Taxes	3,410,151	3,217,481	-	-	3,410,151	3,217,481
Sales & Use Taxes	153,296	147,415	-	-	153,296	147,415
Other revenues	800,629	618,754	6,264	2,935	806,893	621,689
Unrestricted Interest	170,129	113,910	15,687	7,826	185,816	121,736
Total revenues	<u>18,521,061</u>	<u>18,182,123</u>	<u>1,421,904</u>	<u>1,187,803</u>	<u>19,942,965</u>	<u>19,369,926</u>
Expenditures						
General Government	3,368,858	3,407,590	-	-	3,368,858	3,407,590
Public Protection	5,752,227	3,926,580	-	-	5,752,227	3,926,580
Health & Welfare	3,354,927	2,958,383	-	-	3,354,927	2,958,383
Public Assistance	2,758,638	2,334,648	-	-	2,758,638	2,334,648
Education	46,802	43,742	-	-	46,802	43,742
Recreation & Cultural Services	262,729	272,651	-	-	262,729	272,651
Public Ways & Facilities	4,407,977	3,983,125	-	-	4,407,977	3,983,125
Interest on Long-Term Debt	146,752	164,093	-	-	146,752	164,093
Solid Waste	-	-	1,224,502	1,956,006	1,224,502	1,956,006
Transit	-	-	152,687	158,102	152,687	158,102
Total Expenses	<u>20,098,910</u>	<u>17,090,812</u>	<u>1,377,189</u>	<u>2,114,108</u>	<u>21,476,099</u>	<u>19,204,920</u>
Excess (Deficiency) Over Expenses	(1,577,849)	1,091,311	44,715	(926,305)	(1,533,134)	165,006
Transfers	1,689	(8,577)	(1,689)	8,577	-	-
Change in Net Position	(1,576,160)	1,082,734	43,026	(917,728)	(1,533,134)	165,006
Net Position - Prior Year	17,650,744	16,568,010	(2,896,724)	(1,978,996)	14,754,020	14,589,014
Net Position - Current Year	<u>\$ 16,074,584</u>	<u>\$ 17,650,744</u>	<u>\$ (2,853,698)</u>	<u>\$ (2,896,724)</u>	<u>\$ 13,220,886</u>	<u>\$ 14,754,020</u>

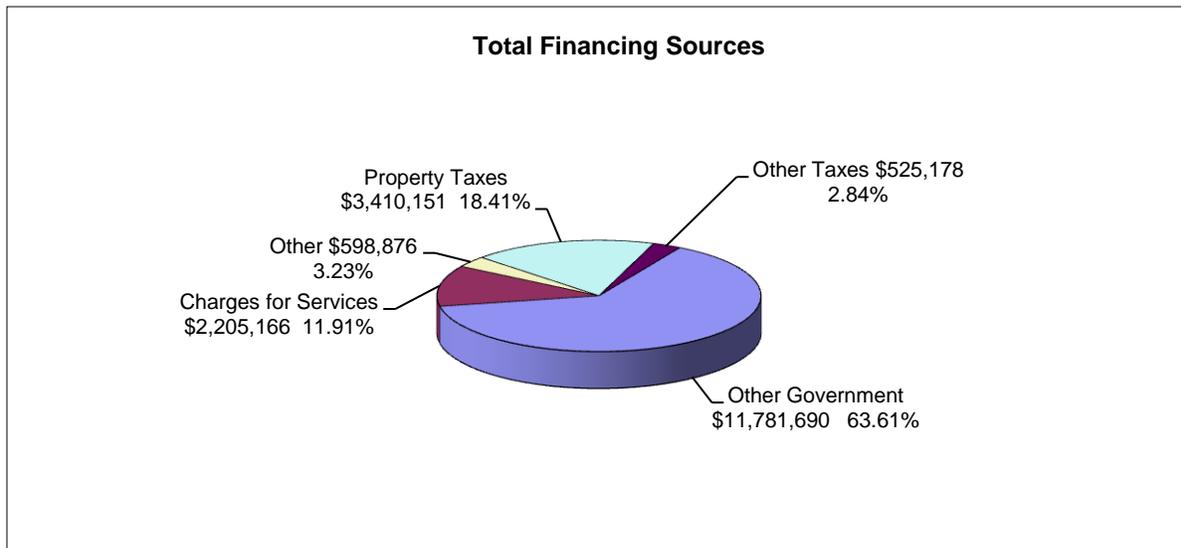
- ❖ Property taxes increased by \$192,670 (6.0%) during the year. Sales Tax increased by \$5,881.
- ❖ Contributions from others and capital grants are up primarily from increase in State programs, and road and park projects.

Expenses and Program Revenues – Governmental Activities



	Program	
	Revenue	Expenses
General government	\$ 1,763,987	\$ 3,368,858
Public protection	2,137,100	5,752,227
Public ways and facilities	3,405,950	4,407,977
Health and sanitation	3,610,535	3,354,927
Public assistance	2,964,235	2,758,638
Education	766	46,802
Recreation and culture	104,283	262,729
Debt Services	-	146,752

Revenues by Source (in millions) – Governmental Activities



The largest portion of revenue received by the County comes from Federal and State sources (approximately 63.84%). The second largest source comes from taxes (18.41%). 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. Cities 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 \$15,068,115, which is available for spending on ongoing operations, an increase of \$49,433 from the prior year. Approximately (2.51%) of this total amount (\$378,641) constitutes unassigned fund balance. The remainder fund balance of \$15,446,756 is classified as nonspendable and restricted to indicate that it is available for specific programs and projects. Most of the restrictions are imposed by other governments which are the source of the funding, and are available to fund ongoing programs and projects in the special funds below.

The General fund is the general operating fund of the County of Sierra. The General fund balance increased by \$57,365 during the 2016/17 Fiscal Year. This was caused by operating revenues exceeding expenditures. As a measure of the General fund's liquidity, it may be useful to compare unrestricted fund balance to total fund expenditures. Unrestricted fund balance represents 3.84% of total General fund expenditures, while the total of all funds' unrestricted fund balance represents (2.07%) of all funds' expenditures.

At the end of the current fiscal year, the Road fund had a fund balance of (\$617,055), while non-spendable fund balance was \$63,776, representing inventory. As a measure of the Road fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total fund expenditures. The above deficit will be eliminated by combination of funds injected from the General fund and additional billings to other government agencies.

At the end of the current fiscal year, the Human Services fund had a fund balance of \$4,938,783.

At the end of the current fiscal year, the Public Health and Drug Programs fund had a fund balance of \$7,710,173.

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 (\$3,161,474).

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

General Fund Budgetary Highlights

From 2009 thru 2017, the County of Sierra has experienced declining fund balances due to the State's appropriation of local funds, increases in labor costs (health insurance, retirement, and workers compensation insurance) and declining property taxes. However, the County has experienced a gradual increase in revenues starting with the 2015 year. We expect over the next five years revenues to continue to keep up with rising costs.

Capital Asset and Debt Administration

Capital Assets. The County of Sierra's investment in capital assets for its governmental and business type activities as of June 30, 2017, amounts to \$18,858,279 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, and bridges. The total increase in the County of Sierra's investment in capital assets for the current fiscal year was net of current year depreciation. See Note 4 on page 39.

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

- Construction of bridge improvements

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 1,023,598	\$ 1,034,798	\$ 122,124	\$ 122,124	\$ 1,145,722	\$ 1,156,922
Building and System	3,823,964	4,057,352	9,038	10,168	3,833,002	4,067,520
Machinery & Equipment	1,457,091	1,640,665	176,614	95,647	1,633,705	1,736,312
Infrastructure	10,085,494	11,148,222	-	-	10,085,494	11,148,222
Construction in Progress	2,128,343	660,866	-	-	2,128,343	660,866
Historical Treasures	32,013	32,013	-	-	32,013	32,013
Total	<u>\$ 18,550,503</u>	<u>\$ 18,573,916</u>	<u>\$ 307,776</u>	<u>\$ 227,939</u>	<u>\$ 18,858,279</u>	<u>\$ 18,801,855</u>

Additional information on 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 debt outstanding of \$8,709,523, the debt consists of pension obligation bonds, capital leases, compensated absences, court repayment liability and closure/postclosure liability.

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Pension Obligation Bond	\$ 2,722,000	\$ 3,159,000	\$ -	\$ -	\$ 2,722,000	\$ 3,159,000
Other (capital leases, comp balances & landfill closure)	<u>773,784</u>	<u>895,245</u>	<u>5,213,739</u>	<u>4,922,093</u>	<u>5,987,523</u>	<u>5,817,338</u>
Total	<u>\$ 3,495,784</u>	<u>\$ 4,054,245</u>	<u>\$ 5,213,739</u>	<u>\$ 4,922,093</u>	<u>\$ 8,709,523</u>	<u>\$ 8,976,338</u>

The County of Sierra's total debt decreased by (\$266,815) (-2.97%) during the current fiscal year. The key factor in this decrease was payments made on the debt.

Additional information on the County of Sierra's long-term debt can be found in Notes 6, 7 and 8 on pages 41-44 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 2016-2017 fiscal year.

- ❖ The unemployment rate for the County of Sierra is currently 5.4% (6-30-2017), which is a decrease of 1.3% from a year ago. This compares to the state's average unemployment rate of 4.8%.

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, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 14,465,220	\$ 105,829	\$ 14,571,049
Receivables:			
Accounts	57,991	1,105	59,096
Taxes	180,898	15,586	196,484
Intergovernmental	2,069,657	48,544	2,118,201
Prepaid costs	1,331,229	-	1,331,229
Internal balances	18,936	(18,936)	-
Inventory	63,776	-	63,776
Restricted cash and investments	-	2,011,836	2,011,836
Net OPEB asset	618,676	-	618,676
Capital assets:			
Non depreciable	3,183,954	122,124	3,306,078
Depreciable, net	15,366,549	185,652	15,552,201
Total capital assets	<u>18,550,503</u>	<u>307,776</u>	<u>18,858,279</u>
Total Assets	<u>37,356,886</u>	<u>2,471,740</u>	<u>39,828,626</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension adjustments	<u>3,042,176</u>	<u>22,740</u>	<u>3,064,916</u>
Total Deferred Outflows of Resources	<u>3,042,176</u>	<u>22,740</u>	<u>3,064,916</u>
LIABILITIES			
Accounts payable	904,892	7,329	912,221
Salaries and benefits payable	948,826	17,554	966,380
Accrued claims liability	676,708	-	676,708
Due to other agencies	-	29,064	29,064
Long-term liabilities:			
Due within one year	1,046,954	-	1,046,954
Due in more than one year	2,448,830	5,213,739	7,662,569
Net pension liability	<u>17,286,173</u>	<u>73,375</u>	<u>17,359,548</u>
Total Liabilities	<u>23,312,383</u>	<u>5,341,061</u>	<u>28,653,444</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension adjustments	<u>1,012,095</u>	<u>7,117</u>	<u>1,019,212</u>
Total Deferred Inflows of Resources	<u>1,012,095</u>	<u>7,117</u>	<u>1,019,212</u>
NET POSITION			
Net investment in capital assets	18,214,875	307,776	18,522,651
Restricted for:			
General government	321,762	-	321,762
Public protection	1,810,130	-	1,810,130
Public assistance	4,938,783	-	4,938,783
Health and welfare	7,940,045	-	7,940,045
Public ways and facilities	39,939	-	39,939
Unrestricted	<u>(17,190,950)</u>	<u>(3,161,474)</u>	<u>(20,352,424)</u>
Total Net Position	<u>\$ 16,074,584</u>	<u>\$ (2,853,698)</u>	<u>\$ 13,220,886</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, 2017

<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	\$ 3,368,858	\$ 1,161,276	\$ 602,711	\$ -
Public protection	5,752,227	202,244	1,934,856	-
Health and welfare	3,354,927	41,735	3,568,800	-
Public assistance	2,758,638	-	2,964,235	-
Education	46,802	766	-	-
Culture and recreation	262,729	-	111,284	(7,001)
Public ways and facilities	4,407,977	799,145	1,161,076	1,445,729
Interest on long-term debt	146,752	-	-	-
Total Governmental Activities	20,098,910	2,205,166	10,342,962	1,438,728
Business-type activities:				
Solid waste	1,224,502	1,182,954	30,000	-
Transit	152,687	20,973	166,026	-
Total Business-Type Activities	1,377,189	1,203,927	196,026	-
Total	\$ 21,476,099	\$ 3,409,093	\$ 10,538,988	\$ 1,438,728

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
\$ (1,604,871)	\$ -	\$ (1,604,871)
(3,615,127)	-	(3,615,127)
255,608	-	255,608
205,597	-	205,597
(46,036)	-	(46,036)
(158,446)	-	(158,446)
(1,002,027)	-	(1,002,027)
(146,752)	-	(146,752)
<u>(6,112,054)</u>	<u>-</u>	<u>(6,112,054)</u>
-	(11,548)	(11,548)
-	34,312	34,312
-	22,764	22,764
<u>(6,112,054)</u>	<u>22,764</u>	<u>(6,089,290)</u>
3,410,151	-	3,410,151
153,296	-	153,296
310,496	-	310,496
21,101	-	21,101
40,285	1,132	41,417
25,432	-	25,432
170,129	15,687	185,816
403,315	5,132	408,447
1,689	(1,689)	-
<u>4,535,894</u>	<u>20,262</u>	<u>4,556,156</u>
(1,576,160)	43,026	(1,533,134)
<u>17,650,744</u>	<u>(2,896,724)</u>	<u>14,754,020</u>
<u>\$ 16,074,584</u>	<u>\$ (2,853,698)</u>	<u>\$ 13,220,886</u>

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Basic Financial Statements

- **Fund Financial Statements**

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COUNTY OF SIERRA
Balance Sheet
Governmental Funds
June 30, 2017

	<u>General</u>	<u>Road</u>	<u>Human Services</u>	<u>Public Health and Drug Programs</u>
ASSETS				
Cash and investments	\$ 714,377	\$ -	\$ 4,752,597	\$ 7,688,381
Receivables:				
Accounts	-	-	-	128
Taxes	176,340	-	-	-
Intergovernmental	218,457	937,549	201,435	548,049
Prepaid costs	1,241,706	-	88,748	-
Deposits	-	-	-	-
Inventory	-	63,776	-	-
Due from other funds	-	-	-	-
Total Assets	<u>\$ 2,350,880</u>	<u>\$ 1,001,325</u>	<u>\$ 5,042,780</u>	<u>\$ 8,236,558</u>
LIABILITIES				
Accounts payable	\$ 113,904	\$ 657,689	\$ 11,849	\$ 96,688
Salaries and benefits payable	496,423	157,468	92,148	199,825
Accrued claims liability	676,708	-	-	-
Due to other funds	-	643,391	-	-
Total Liabilities	<u>1,287,035</u>	<u>1,458,548</u>	<u>103,997</u>	<u>296,513</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	196,657	159,832	-	229,872
Total Deferred Inflows of Resources	<u>196,657</u>	<u>159,832</u>	<u>-</u>	<u>229,872</u>
FUND BALANCES				
Nonspendable	564,998	63,776	88,748	-
Restricted	-	-	4,850,035	7,710,173
Unassigned	302,190	(680,831)	-	-
Total Fund Balances	<u>867,188</u>	<u>(617,055)</u>	<u>4,938,783</u>	<u>7,710,173</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,350,880</u>	<u>\$ 1,001,325</u>	<u>\$ 5,042,780</u>	<u>\$ 8,236,558</u>

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

Other Governmental Funds	Total
\$ 1,309,865	\$ 14,465,220
57,863	57,991
4,558	180,898
164,167	2,069,657
-	1,330,454
775	775
-	63,776
695,607	695,607
<u>\$ 2,232,835</u>	<u>\$ 18,864,378</u>
\$ 24,762	\$ 904,892
2,962	948,826
-	676,708
33,280	676,671
<u>61,004</u>	<u>3,207,097</u>
<u>2,805</u>	<u>589,166</u>
<u>2,805</u>	<u>589,166</u>
-	717,522
2,169,026	14,729,234
-	(378,641)
<u>2,169,026</u>	<u>15,068,115</u>
<u>\$ 2,232,835</u>	<u>\$ 18,864,378</u>

COUNTY OF SIERRA
Reconciliation of the Governmental Funds Balance
Sheet to the Government-Wide Statement of
Net Position - Governmental Activities
June 30, 2017

Total Fund Balances - Total Governmental Funds	\$ 15,068,115
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.	18,550,503
The net OPEB asset is not an available resource and, therefore, is not reported in the governmental funds.	618,676
Other long term assets are not available to pay for current period expenditures and therefore, are reported as unavailable revenues in the governmental funds.	589,166
Deferred outflows of resources related to pensions are not reported in the governmental funds.	3,042,176
Deferred inflows of resources related to pensions are not reported in the governmental funds.	(1,012,095)
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.	
Net pension liability	(17,286,173)
Pension obligation bonds payable	(2,722,000)
Capital leases payable	(245,320)
Compensated absences	(438,156)
Court repayment liability	(90,308)
Net Position of Governmental Activities	<u>\$ 16,074,584</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, 2017

	General	Road	Human Services	Public Health and Drug Programs
REVENUES				
Taxes and assessments	\$ 3,810,568	\$ -	\$ -	\$ -
Licenses, permits, and franchises	156,579	-	-	-
Fines and forfeitures	45,839	-	-	-
Intergovernmental	988,713	2,487,144	2,807,774	3,548,243
Use of money and property	89,617	6,340	275	66,060
Charges for services	1,189,841	580,518	-	41,278
Other revenues	285,654	27,296	67,475	3,059
Total Revenues	6,566,811	3,101,298	2,875,524	3,658,640
EXPENDITURES				
Current:				
General government	2,465,467	-	-	-
Public protection	4,686,825	-	-	-
Health and welfare	2,025	-	-	3,141,223
Public assistance	113,280	-	2,197,492	-
Education	46,729	-	-	-
Culture and recreation	211,189	-	-	-
Public ways and facilities	117,900	2,373,529	-	-
Debt service:				
Principal	56,101	1,198	14,808	20,730
Interest and other charges	2,507	89	1,101	1,541
Capital outlay	162,972	1,469,489	-	44,114
Total Expenditures	7,864,995	3,844,305	2,213,401	3,207,608
Excess of Revenues Over (Under) Expenditures	(1,298,184)	(743,007)	662,123	451,032
OTHER FINANCING SOURCES (USES)				
Transfers in	1,641,712	-	-	7,330
Transfers out	(286,163)	(162,283)	(81,336)	(107,123)
Total Other Financing Sources (Uses)	1,355,549	(162,283)	(81,336)	(99,793)
Net Change in Fund Balances	57,365	(905,290)	580,787	351,239
Fund Balances - Beginning	809,823	288,235	4,357,996	7,358,934
Fund Balances - Ending	\$ 867,188	\$ (617,055)	\$ 4,938,783	\$ 7,710,173

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

Other Governmental Funds	Total
\$ 159,001	\$ 3,969,569
-	156,579
29,363	75,202
1,656,318	11,488,192
7,837	170,129
187,180	1,998,817
71,831	455,315
2,111,530	18,313,803
188,821	2,654,288
136,878	4,823,703
-	3,143,248
-	2,310,772
-	46,729
-	211,189
198,379	2,689,808
453,771	546,608
141,514	146,752
16,387	1,692,962
1,135,750	18,266,059
975,780	47,744
668,512	2,317,554
(1,678,960)	(2,315,865)
(1,010,448)	1,689
(34,668)	49,433
2,203,694	15,018,682
\$ 2,169,026	\$15,068,115

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

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, 2017

Net Change in Fund Balances - Total Governmental Funds	\$ 49,433
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	1,692,962
Less current year depreciation	(1,703,163)
Contributions of capital assets	40,800
Construction in progress adjustment	(2,012)
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.	
	(52,000)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	
Reduction of court revenues	54,949
Principal retirements	546,608
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	163,509
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	1,512,508
Change in deferred inflows of resources related to pensions	(101,988)
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	(43,096)
Change in net pension liability	(3,773,797)
Change in net OPEB asset	39,127
Change in Net Position of Governmental Activities	\$ (1,576,160)

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, 2017

	Business-Type Activities - Enterprise Funds		Total
	Solid Waste	Other Enterprise Funds	
ASSETS			
Current Assets:			
Cash and investments	\$ 105,829	\$ -	\$ 105,829
Receivables:			
Accounts	1,105	-	1,105
Taxes	15,586	-	15,586
Intergovernmental	544	48,000	48,544
Total Current Assets	123,064	48,000	171,064
Noncurrent Assets:			
Restricted cash and investments	2,011,836	-	2,011,836
Capital Assets :			
Non depreciable	122,124	-	122,124
Depreciable, net	30,604	155,048	185,652
Total Noncurrent Assets	2,164,564	155,048	2,319,612
Total Assets	2,287,628	203,048	2,490,676
DEFERRED OUTFLOWS OF RESOURCES			
Pension adjustments	22,740	-	22,740
Total Deferred Outflows of Resources	22,740	-	22,740
LIABILITIES			
Current Liabilities:			
Accounts payable	7,329	-	7,329
Salaries and benefits payable	17,554	-	17,554
Due to other funds	-	48,000	48,000
Total Current Liabilities	24,883	48,000	72,883
Noncurrent Liabilities:			
Net pension liability	73,375	-	73,375
Closure/postclosure liability	5,213,739	-	5,213,739
Total Noncurrent Liabilities	5,287,114	-	5,287,114
Total Liabilities	5,311,997	48,000	5,359,997
DEFERRED INFLOWS OF RESOURCES			
Pension adjustments	7,117	-	7,117
Total Deferred Inflows of Resources	7,117	-	7,117
NET POSITION			
Investment in capital assets	152,728	155,048	307,776
Unrestricted	(3,161,474)	-	(3,161,474)
Total Net Position	\$ (3,008,746)	\$ 155,048	\$ (2,853,698)

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, 2017

	Business-Type Activities - Enterprise Funds		Total
	Solid Waste	Other Enterprise Funds	
OPERATING REVENUES			
Charges for services	\$ 1,182,954	\$ -	\$ 1,182,954
Passenger fares	-	20,973	20,973
Other revenues	5,132	-	5,132
Total Operating Revenues	<u>1,188,086</u>	<u>20,973</u>	<u>1,209,059</u>
OPERATING EXPENSES			
Salaries and benefits	194,008	-	194,008
Services and supplies	1,024,545	-	1,024,545
Purchased transportation	-	118,973	118,973
Administration	-	4,117	4,117
Depreciation	5,949	29,597	35,546
Total Operating Expenses	<u>1,224,502</u>	<u>152,687</u>	<u>1,377,189</u>
Operating Income (Loss)	<u>(36,416)</u>	<u>(131,714)</u>	<u>(168,130)</u>
NON-OPERATING REVENUES (EXPENSES)			
Taxes and assessments	1,132	-	1,132
Intergovernmental	30,000	166,026	196,026
Interest income	16,852	(1,165)	15,687
Total Non-Operating Revenues (Expenses)	<u>47,984</u>	<u>164,861</u>	<u>212,845</u>
Income (Loss) Before Transfers	11,568	33,147	44,715
Transfers out	(1,689)	-	(1,689)
Change in Net Position	9,879	33,147	43,026
Total Net Position - Beginning	<u>(3,018,625)</u>	<u>121,901</u>	<u>(2,896,724)</u>
Total Net Position - Ending	<u>\$ (3,008,746)</u>	<u>\$ 155,048</u>	<u>\$ (2,853,698)</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, 2017

	Business-Type Activities - Enterprise Funds		Total
	Solid Waste	Other Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,188,450	\$ 20,973	\$ 1,209,423
Payments to suppliers	(732,766)	(75,090)	(807,856)
Payments to employees	(185,906)	-	(185,906)
Net Cash Provided (Used) by Operating Activities	269,778	(54,117)	215,661
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental revenue received	71,292	158,026	229,318
Transfers to other funds	(1,689)	-	(1,689)
Interfund loans repaid	(51,145)	-	(51,145)
Net Cash Provided (Used) by Noncapital Financing Activities	18,458	158,026	176,484
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	-	(117,383)	(117,383)
Disposal of capital assets	-	2,000	2,000
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(115,383)	(115,383)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	16,852	(1,165)	15,687
Net Cash Provided (Used) by Investing Activities	16,852	(1,165)	15,687
Net Increase (Decrease) in Cash and Cash Equivalents	305,088	(12,639)	292,449
Balances - Beginning	1,812,577	12,639	1,825,216
Balances - Ending	\$ 2,117,665	\$ -	\$ 2,117,665
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (36,416)	\$ (131,714)	\$ (168,130)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	5,949	29,597	35,546
Decrease (increase) in:			
Accounts receivable	364	-	364
Pension adjustments - deferred outflows	(17,508)	-	(17,508)
Increase (decrease) in:			
Accounts payable	133	48,000	48,133
Salaries and benefits payable	(2,857)	-	(2,857)
Pension adjustments - deferred inflows	12,808	-	12,808
Net pension liability	15,659	-	15,659
Closure/post closure liability	291,646	-	291,646
Net Cash Provided (Used) by Operating Activities	\$ 269,778	\$ (54,117)	\$ 215,661

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

COUNTY OF SIERRA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Investment Trust Funds	Agency Funds
ASSETS		
Cash and investments	\$ 8,190,509	\$ 370,822
Receivables:		
Accounts	12	-
Taxes	-	549,100
Due from other funds	-	29,064
	8,190,521	948,986
LIABILITIES		
Agency funds held for others	-	948,986
	-	948,986
NET POSITION		
Held in trust for pool participants	\$ 8,190,521	\$ -

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

COUNTY OF SIERRA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

	<u>Investment Trust Funds</u>
ADDITIONS	
Contributions to investment pool	\$ 8,887,665
Revenue from use of money and property	<u>77,404</u>
Total Additions	<u>8,965,069</u>
DEDUCTIONS	
Distributions from investment pool	<u>9,016,597</u>
Total Deductions	<u>9,016,597</u>
Total Change in Net Position	(51,528)
Net Position - Beginning	<u>8,242,049</u>
Net Position - Ending	<u><u>\$ 8,190,521</u></u>

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

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Basic Financial Statements

- **Notes to Basic Financial Statements**

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COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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, 2017, 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 \$2,011,836 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, 2017

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, 2017 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, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Property Tax (Continued)

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

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

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

The County is legally required to maintain a minimum balance of 1 percent of the annual taxes levied on properties participating in the Teeter Plan. The balance in the TLRF was \$55,906 at June 30, 2017. 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, 2017

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) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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, 2017

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. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This statement improves the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

Statement No. 77, Tax Abatement Disclosures. This statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenue.

Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans. This statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have certain characteristics.

Statement No. 80, Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14. This statement amends the blending requirements for the financial statement presentation of component units of all state and local governments.

Statement No. 82, Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73. This statement addresses certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions 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 specifically addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balance/Net Position

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

- The Road fund had a fund balance deficit of \$617,055 which is expected to be eliminated in future years through grant revenues.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

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

A. Deficit Fund Balance/Net Position (Continued)

The following major enterprise fund had a deficit net position:

- The Solid Waste fund had a net position deficit of \$3,008,746, which is expected to be eliminated in future years through increased revenues.

NOTE 3: CASH AND INVESTMENTS

The County Treasurer manages, in accordance with California Government Code Section 53600, funds deposited in the investment pool by the County, all county school districts, various 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 \$8,190,509 at June 30, 2017.

A. Financial Statement Presentation

As of June 30, 2017, the County's cash and investments are reported in the financial statements as follows:

Primary government	\$ 16,582,885
Investment trust funds	8,190,509
Agency funds	<u>370,822</u>
Total Cash and Investments	<u>\$ 25,144,216</u>

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

A. Financial Statement Presentation (Continued)

As of June 30, 2017, the County's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 9,429
Deposits in Treasurer's Pool (less outstanding checks)	<u>1,089,128</u>
Total Cash	<u>1,098,557</u>
Investments:	
In Treasurer's Pool	<u>24,045,659</u>
Total Investments	<u>24,045,659</u>
Total Cash and Investments	<u>\$ 25,144,216</u>

B. Cash

At year end, the carrying amount of the County's cash deposits (including amount in checking accounts) was \$1,089,128 and the bank balance was \$1,059,936. 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 \$9,429.

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.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

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

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

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

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

At June 30, 2017, the County had the following recurring fair value measurements:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level				
Federal Agencies	\$ 7,188,922	\$ -	\$ 7,188,922	\$ -
Medium Term Notes	3,875,699	-	3,875,699	-
Commercial Paper	544,935	-	544,935	-
US Treasuries	<u>7,967,885</u>	<u>-</u>	<u>7,967,885</u>	<u>-</u>
Total Investments Measured at Fair Value	19,577,441	<u>\$ -</u>	<u>\$19,577,441</u>	<u>\$ -</u>
Investments in External Investment Pools				
Local Agency Investment Fund (LAIF)	785,645			
California Asset Management Program (CAMP)	<u>3,682,573</u>			
Total Investments	<u>\$ 24,045,659</u>			

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

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

As of June 30, 2017, 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	0.75-1.875%	\$ 1,549,256	\$ 5,639,666	\$ 7,188,922	1.99
Medium Term Notes	1.20-2.45%	1,570,898	2,304,801	3,875,699	1.50
Commercial Paper	1.24-1.25%	544,935	-	544,935	0.03
US Treasuries	0.75-1.625%	2,993,608	4,974,277	7,967,885	2.00
Local Agency Investment Fund (LAIF)	Variable	785,645	-	785,645	-
California Asset Management Program (CAMP)	Variable	<u>3,682,573</u>	<u>-</u>	<u>3,682,573</u>	<u>-</u>
Total Investments		<u>\$11,126,915</u>	<u>\$12,918,744</u>	<u>\$24,045,659</u>	<u>1.50</u>

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

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

<u>Investment Type</u>	<u>Minimum Legal Rating</u>	<u>Standard & Poor's Rating</u>	<u>Moody's Rating</u>	<u>% of Portfolio</u>
Federal Home Loan Bank	N/A	AA+	Aaa	8.27%
Federal National Mortgage Assoc.	N/A	AA+	Aaa	10.09%
Federal Home Loan Mortgage Corporation	N/A	AA+	Aaa	6.03%
Federal Farm Credit Bank	N/A	AA+	Aaa	5.51%
Medium Term Notes	A	A	A1	1.91%
Medium Term Notes	A	A	A2	3.68%
Medium Term Notes	A	A+	A1	5.57%
Medium Term Notes	A	AA-	A1	1.67%
Medium Term Notes	A	AA-	Aa2	1.46%
Medium Term Notes	A	AA-	Aa3	0.84%
Medium Term Notes	A	AA+	Aaa	0.99%
Commercial Paper	A	A-1	P-1	1.44%
Commercial Paper	A	A-1+	P-1	0.82%
US Treasuries	N/A	AA+	Aaa	33.14%
LAIF	N/A	Unrated	Unrated	3.27%
CAMP	N/A	Unrated	Unrated	15.31%
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, 2017, that represent 5 percent or more of total County investments are as follows:

<u>Investment Type</u>	<u>Amount Invested</u>	<u>Percentage of Investments</u>
Federal Home Loan Bank	\$ 1,988,104	8.27%
Federal National Mortgage Association	2,425,399	10.09%
Federal Home Loan Mortgage Corporation	1,450,415	6.03%
Federal Farm Credit Bank	1,325,004	5.51%

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

D. Investment in External Investment Pools

The County of Sierra maintains an investment in the State of California Local Agency Investment Fund (LAIF), managed by the State Treasurer. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. At June 30, 2017, the County's investment in LAIF valued at amortized cost was \$785,645 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 \$77.5 billion. Of that amount, 97.11 percent is invested in non-derivative financial products and 2.89 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, 2017, was \$3,682,573, 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, 2017:

	Internal Participants	External Participants	Total Pool
Statement of Net Position			
Cash on hand	\$ 9,429	\$ -	\$ 9,429
Deposits (less outstanding checks)	1,089,128	-	1,089,128
Investments	15,855,150	8,190,509	24,045,659
Net Position at June 30, 2017	\$ 16,953,707	\$ 8,190,509	\$ 25,144,216
Statement of Changes in Net Position			
Net position at July 1, 2016	\$ 16,363,119	\$ 8,242,049	\$ 24,605,168
Net changes in investments by pool participants	590,588	(51,540)	539,048
Net Position at June 30, 2017	\$ 16,953,707	\$ 8,190,509	\$ 25,144,216

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2017, was as follows:

	Balance July 1, 2016	Additions	Retirements/ Adjustments	Balance June 30, 2017
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,034,798	\$ 40,800	(\$ 52,000)	\$ 1,023,598
Construction in progress	660,866	1,469,489	(2,012)	2,128,343
Historical treasures	<u>32,013</u>	<u>-</u>	<u>-</u>	<u>32,013</u>
Total Capital Assets, Not Being Depreciated	<u>1,727,677</u>	<u>1,510,289</u>	<u>(54,012)</u>	<u>3,183,954</u>
Capital Assets, Being Depreciated:				
Infrastructure	19,107,722	-	-	19,107,722
Structures and improvements	8,159,584	-	-	8,159,584
Equipment	<u>8,096,408</u>	<u>223,473</u>	<u>(47,909)</u>	<u>8,271,972</u>
Total Capital Assets, Being Depreciated	<u>35,363,714</u>	<u>223,473</u>	<u>(47,909)</u>	<u>35,539,278</u>
Less Accumulated Depreciation For:				
Infrastructure	(7,959,500)	(1,062,728)	-	(9,022,228)
Structures and Improvements	(4,102,232)	(233,388)	-	(4,335,620)
Equipment	<u>(6,455,743)</u>	<u>(407,047)</u>	<u>47,909</u>	<u>(6,814,881)</u>
Total Accumulated Depreciation	<u>(18,517,475)</u>	<u>(1,703,163)</u>	<u>47,909</u>	<u>(20,172,729)</u>
Total Capital Assets, Being Depreciated, Net	<u>16,846,239</u>	<u>(1,479,690)</u>	<u>-</u>	<u>15,366,549</u>
Governmental Activities Capital Assets, Net	<u>\$ 18,573,916</u>	<u>\$ 30,599</u>	<u>(\$ 54,012)</u>	<u>\$ 18,550,503</u>
	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017
Business-Type Activities				
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>394,397</u>	<u>117,383</u>	<u>(101,004)</u>	<u>410,776</u>
Total Capital Assets, Being Depreciated	<u>473,513</u>	<u>117,383</u>	<u>(101,004)</u>	<u>489,892</u>
Less Accumulated Depreciation For:				
Structures and improvements	(68,948)	(1,130)	-	(70,078)
Equipment	<u>(298,750)</u>	<u>(34,416)</u>	<u>99,004</u>	<u>(234,162)</u>
Total Accumulated Depreciation	<u>(367,698)</u>	<u>(35,546)</u>	<u>99,004</u>	<u>(304,240)</u>
Total Capital Assets, Being Depreciated, Net	<u>105,815</u>	<u>81,837</u>	<u>(2,000)</u>	<u>185,652</u>
Business-Type Activities Capital Assets, Net	<u>\$ 227,939</u>	<u>\$ 81,837</u>	<u>(\$ 2,000)</u>	<u>\$ 307,776</u>

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 4: CAPITAL ASSETS (CONTINUED)

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 128,108
Public protection	257,262
Public ways and facilities	1,222,500
Health and sanitation	37,324
Public Assistance	9,484
Recreation and Culture	<u>48,485</u>
Total Depreciation Expense - Governmental Functions	<u>\$ 1,703,163</u>

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

Solid Waste	\$ 5,949
Nonmajor proprietary fund	<u>29,597</u>
Total Depreciation Expense - Business-Type Functions	<u>\$ 35,546</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, Independence Lake Bridge, and Little Truckee River 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.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 5: INTERFUND TRANSACTIONS (CONTINUED)

Due To/From Other Funds (Continued)

The following are due from and due to balances as of June 30, 2017:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Road	\$ -	\$ 643,391
Nonmajor Governmental funds	695,607	33,280
Nonmajor Enterprise funds	-	48,000
Agency funds	<u>29,064</u>	<u>-</u>
Total	<u>\$ 724,671</u>	<u>\$ 724,671</u>

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, 2017:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 1,641,712	\$ 286,163
Road	-	162,283
Human Services	-	81,336
Public Health and Drug Programs	7,330	107,123
Nonmajor Governmental funds	668,512	1,678,960
Solid Waste	<u>-</u>	<u>1,689</u>
Total	<u>\$ 2,317,554</u>	<u>\$ 2,317,554</u>

NOTE 6: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2017:

<u>Type of Indebtedness</u>	<u>Balance July 1, 2016</u>	<u>Adjustments/</u>		<u>Balance June 30, 2017</u>	<u>Amounts Due Within One Year</u>
		<u>Additions</u>	<u>Retirements</u>		
Governmental Activities					
Pension Obligation Bonds	\$ 3,159,000	\$ -	(\$ 437,000)	\$ 2,722,000	\$ 468,000
Capital Leases Payable	354,928	-	(109,608)	245,320	85,798
Compensated Absences	395,060	206,191	(163,095)	438,156	438,156
Court Repayment Liability	<u>145,257</u>	<u>-</u>	<u>(54,949)</u>	<u>90,308</u>	<u>55,000</u>
Total Governmental Activities	<u>\$ 4,054,245</u>	<u>\$ 206,191</u>	<u>(\$ 764,652)</u>	<u>\$ 3,495,784</u>	<u>\$ 1,046,954</u>
Business-Type Activities					
Closure/Postclosure	<u>\$ 4,922,093</u>	<u>\$ 291,646</u>	<u>\$ -</u>	<u>\$ 5,213,739</u>	<u>\$ -</u>
Total Business-Type Activities	<u>\$ 4,922,093</u>	<u>\$ 291,646</u>	<u>\$ -</u>	<u>\$ 5,213,739</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, 2017

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

Individual issues of debt payable outstanding at June 30, 2017, are as follows:

Governmental Activities

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>\$ 2,722,000</u>
Total Pension Obligation Bonds	<u>2,722,000</u>
Total Governmental Activities	<u><u>\$ 2,722,000</u></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.

<u>Year Ended</u> <u>June 30</u>	Pension Obligation Bonds		
	Principal	Interest	Total
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>\$ 2,722,000</u>	<u>\$ 362,273</u>	<u>\$ 3,084,273</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, 2017
Governmental activities	2.414-3.200%	<u>\$ 245,320</u>
Total		<u><u>\$ 245,320</u></u>

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 7: LEASES (CONTINUED)

Capital Leases (Continued)

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

	Governmental Activities
Equipment	\$ 408,509
Less accumulated depreciation	(92,446)
Net Value	\$ 316,063

As of June 30, 2017, capital lease annual amortization is as follows:

Year Ended June 30	Governmental Activities
2018	\$ 85,798
2019	85,798
2020	85,798
Total Requirements	257,394
Less Interest	(12,074)
Present Value of Remaining Payments	\$ 245,320

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 \$5,213,739 reported as closure/postclosure liability at June 30, 2017, represents the cumulative amount reported to date based on the estimate of 99.296 percent of total permitted site capacity filled.

The County will recognize the remaining estimated cost of closure and postclosure care of \$417,693 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 2017. 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, 2017, cash and investments of \$2,011,836 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, 2017

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 \$94,700 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, 2017

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, 2017, 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, 2017

NOTE 11: FUND BALANCES (CONTINUED)

The fund balances for all major and nonmajor governmental funds as of June 30, 2017, were distributed as follows:

	General Fund	Road	Human Services	Public Health and Drug Programs	Other Governmental Funds	Total
Nonspendable:						
Prepaid costs	\$ 564,998	\$ -	\$ 88,748	\$ -	\$ -	\$ 653,746
Inventory	-	63,776	-	-	-	63,776
Subtotal	<u>564,998</u>	<u>63,776</u>	<u>88,748</u>	<u>-</u>	<u>-</u>	<u>717,522</u>
Restricted for:						
Social Service Programs	-	-	4,850,035	-	-	4,850,035
Public Health & Drug Programs	-	-	-	7,710,173	-	7,710,173
Fish and Game	-	-	-	-	6,375	6,375
Aviation	-	-	-	-	39,939	39,939
Predator Control	-	-	-	-	796	796
Clerk Recorder	-	-	-	-	61,505	61,505
Court Fines	-	-	-	-	49,816	49,816
Law Enforcement	-	-	-	-	1,405,856	1,405,856
Board of Supervisors	-	-	-	-	19,722	19,722
FireSafe Programs	-	-	-	-	81,329	81,329
Tax Related Costs	-	-	-	-	33,589	33,589
Office of Emergency Services	-	-	-	-	15,958	15,958
Special Districts Under the Board	-	-	-	-	234,644	234,644
Debt Service	-	-	-	-	199,819	199,819
Capital Projects	-	-	-	-	19,678	19,678
Subtotal	<u>-</u>	<u>-</u>	<u>4,850,035</u>	<u>7,710,173</u>	<u>2,169,026</u>	<u>14,729,234</u>
Unassigned	<u>302,190</u>	<u>(680,831)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(378,641)</u>
Total	<u>\$ 867,188</u>	<u>(\$ 617,055)</u>	<u>\$ 4,938,783</u>	<u>\$ 7,710,173</u>	<u>\$ 2,169,026</u>	<u>\$15,068,115</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, 2017

NOTE 12: PENSION PLAN

A. General Information about the Pension Plan

Plan Description

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

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

Summary of Rate Tiers and Eligible Participants

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

Benefits Provided

CalPers provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Retirement benefits are paid monthly for life. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the plan are applied as specified by the Public Employees’ Retirement Law.

Each Rate Tier’s specific provisions and benefits in effect at June 30, 2017, 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%

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 12: PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

Contributions

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

	<u>Employer Contribution Rates</u>	<u>Employee Contribution Rates</u>	<u>Employer Paid Member Contribution Rates</u>
Miscellaneous	11.634%	8.000%	0.000%
Miscellaneous PEPRA	6.555%	6.250%	0.000%
Safety	17.689%	9.000%	0.000%
Safety PEPRA	12.082%	12.082%	0.000%

For the year ended June 30, 2017, the contributions recognized as part of pension expense were as follows:

	<u>Contributions-Employer</u>	<u>Contributions-Employee (Paid by Employer)</u>
Miscellaneous	\$ 1,034,728	\$ -
Safety	419,022	-

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

The County's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The County's proportionate share of the net pension liability for the Plan as of June 30, 2015 and 2016 was as follows:

	<u>Proportion June 30, 2015</u>	<u>Proportion June 30, 2016</u>	<u>Change - Increase (Decrease)</u>
Miscellaneous	.16663%	.16738%	.00075%
Safety	.04332%	.04508%	.00176%

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 12: PENSION PLAN (CONTINUED)

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

As of June 30, 2017, the County reported net pension liabilities for its proportionate share of the net pension liability as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 14,483,260
Safety	<u>3,901,046</u>
Total Net Pension Liability	<u>18,384,306</u>
Less: amount allocated to independent entities	(<u>1,024,758</u>)
Total	<u>\$ 17,359,548</u>

For the year ended June 30, 2017, the County recognized pension expense of \$1,757,817. At June 30, 2017, 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	\$ 700,949	\$ -
Changes in assumptions	-	(375,777)
Difference between expected and actual experience	3,750	(10,021)
Differences between projected and actual earnings on pension plan investments	2,455,993	-
Difference between County contributions and proportionate share of contributions	-	(341,709)
Adjustment due to differences in proportions	<u>-</u>	<u>(367,491)</u>
Total	<u>3,160,692</u>	<u>(1,094,998)</u>
Less: amount allocated to independent entities	(<u>95,776</u>)	(<u>75,786</u>)
Total	<u>\$ 3,064,916</u>	<u>(\$ 1,019,212)</u>

\$700,949 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>		
2018	(\$	180,519)
2019	(105,765)
2020		1,039,703
2021		<u>611,326</u>
Total	\$	<u>1,364,745</u>

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 12: PENSION PLAN (CONTINUED)

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

Actuarial Assumptions

The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
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, 2015 valuation were based on the results of an actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website.

Change of Assumptions

There were no changes in assumptions during the measurement period ended June 30, 2016. Deferred inflows for changes of assumptions presented represents the unamortized portion of the changes of assumptions related to the prior measurement periods.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the 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.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 12: PENSION PLAN (CONTINUED)

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

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.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.0%	5.25%	5.71%
Global Debt Securities	20.0%	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	1.0%	-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

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

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

	1% Decrease <u>6.65%</u>	Discount Rate <u>7.65%</u>	1% Increase <u>8.65%</u>
Miscellaneous	\$ 21,619,812	\$ 14,483,260	\$ 8,585,254
Safety	6,136,969	3,901,046	2,065,582

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 12: PENSION PLAN (CONTINUED)

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

Pension Plan Fiduciary Net Position

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

NOTE 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.

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.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

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

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	\$ 146,226
Interest on net OPEB obligation	(26,715)
Adjustments to annual required contribution	<u>25,664</u>
Annual OPEB Cost	145,175
Contributions made:	
Pay as you go contribution	(136,423)
Implicit Subsidy	<u>(47,879)</u>
Increase (Decrease) in Net OPEB Obligation	(39,127)
Net OPEB Obligation (Asset) Beginning	<u>(579,549)</u>
Net OPEB Obligation (Asset) Ending	<u><u>(\$ 618,676)</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:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation (Asset)</u>
June 30, 2015	\$ 145,930	130%	(\$ 527,175)
June 30, 2016	145,981	136%	(579,549)
June 30, 2017	145,175	127%	(618,676)

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 of the UAAL to the covered payroll was 41.37 percent.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

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

D. Funded Status and Funding Progress (Continued)

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, 2017 was 28 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).

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.

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 14: DEFERRED COMPENSATION PLAN (CONTINUED)

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 2016/2017.

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 \$1,241,706 is included in the General fund as prepaid costs.

Changes in the County's claims liability amount for the fiscal years 2015, 2016, and 2017 were as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims	Claims Payments and Changes In Estimates	Balance at End of Fiscal Year
2015	\$ 552,638	\$ 515,700	(\$ 363,173)	\$ 705,165
2016	705,165	312,438	(229,951)	787,652
2017	787,652	28,934	(139,878)	676,708

COUNTY OF SIERRA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

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, 2017 through November 7, 2017, the date on which the financial statements were available for issuance. Management has determined no other subsequent events requiring disclosure have occurred.

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**Required Supplementary Information
(Unaudited)**

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COUNTY OF SIERRA
Required Supplementary Information
County Pension Plan
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2017
Last 10 Years*

Measurement Date	2013/14	2014/15	2015/16
Miscellaneous Plan			
Proportion of the net pension liability	0.13913%	0.16660%	0.16738%
Proportionate share of the net pension liability	\$ 8,657,213	\$ 11,437,030	\$ 14,483,260
Covered employee payroll	4,505,952	4,556,607	4,801,525
Proportionate share of the net pension liability as a percentage of covered employee payroll	192.13%	251.00%	301.64%
Plan fiduciary net position as a percentage of the total pension liability	83.03%	77.92%	72.68%
Safety Plan			
Proportion of the net pension liability	0.04919%	0.04330%	0.04508%
Proportionate share of the net pension liability	\$ 3,060,592	\$ 2,973,244	\$ 3,901,046
Covered employee payroll	907,388	987,941	964,745
Proportionate share of the net pension liability as a percentage of covered employee payroll	337.30%	300.95%	404.36%
Plan fiduciary net position as a percentage of the total pension liability	78.92%	81.18%	76.32%

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

COUNTY OF SIERRA
Required Supplementary Information
County Pension Plan
Schedule of Contributions
For the Year Ended June 30, 2017
Last 10 Years*

Fiscal Year	2014/15**	2015/16	2016/17
Miscellaneous Plan			
Contractually required contribution (actuarially determined)	\$ 1,575,804	\$ 484,762	\$ 531,117
Contributions in relation to the actuarially determined contributions	<u>(1,575,804)</u>	<u>(1,034,728)</u>	<u>(531,117)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (549,966)</u>	<u>\$ -</u>
Covered employee payroll	\$ 4,556,607	\$ 4,801,525	\$ 5,107,528
Contributions as a percentage of covered employee payroll	34.58%	21.55%	10.40%
Safety Plan			
Contractually required contribution (actuarially determined)	\$ 372,624	\$ 191,574	\$ 169,832
Contributions in relation to the actuarially determined contributions	<u>(372,624)</u>	<u>(419,022)</u>	<u>(169,832)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (227,448)</u>	<u>\$ -</u>
Covered employee payroll	\$ 987,941	\$ 964,745	\$ 1,051,179
Contributions as a percentage of covered employee payroll	37.72%	43.43%	16.16%

* The County implemented GASB 68 for fiscal year June 30, 2015, therefore only three 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 Plan
Notes to County Pension Plan
For the Year Ended June 30, 2017

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

Change of assumptions: There were no changes in assumptions.

NOTE 2: SCHEDULE OF CONTRIBUTIONS

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

Valuation Date	June 30, 2013
Actuarial cost method	Entry Age Normal
Amortization method/Period	For details, see June 30, 2013 Funding Valuation Report
Asset valuation method	Market Value
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	The probabilities of retirement are based on the 2010 CalPERS experience study for the period 1997 to 2007

COUNTY OF SIERRA
Required Supplementary Information
County OPEB Plan
Schedule of Funding Progress
For the Year Ended June 30, 2017

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, 2017

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and assessments	\$ 3,811,896	\$ 3,811,896	\$ 3,810,568	\$ (1,328)
Licenses, permits, and franchises	129,300	184,300	156,579	(27,721)
Fines and forfeitures	71,000	71,000	45,839	(25,161)
Intergovernmental	1,162,750	1,254,756	988,713	(266,043)
Use of money and property	41,780	41,780	89,617	47,837
Charges for services	1,206,604	1,206,604	1,189,841	(16,763)
Other revenues	245,444	245,444	285,654	40,210
Total Revenues	6,668,774	6,815,780	6,566,811	(248,969)
EXPENDITURES				
Current:				
General government	3,218,628	3,108,075	2,465,467	642,608
Public protection	5,123,945	5,441,567	4,686,825	754,742
Health and welfare	9,655	8,750	2,025	6,725
Public assistance	193,045	244,479	113,280	131,199
Education	45,825	46,730	46,729	1
Culture and recreation	262,967	277,967	211,189	66,778
Public ways and facilities	57,094	150,116	117,900	32,216
Debt service:				
Principal	-	-	56,101	(56,101)
Interest and other charges	-	-	2,507	(2,507)
Capital outlay	-	-	162,972	(162,972)
Total Expenditures	8,911,159	9,277,684	7,864,995	1,412,689
Excess of Revenues Over (Under) Expenditures	(2,242,385)	(2,461,904)	(1,298,184)	1,163,720
OTHER FINANCING SOURCES (USES)				
Transfers in	1,569,193	1,935,540	1,641,712	(293,828)
Transfers out	(227,808)	(269,731)	(286,163)	(16,432)
Total Other Financing Sources (Uses)	1,341,385	1,665,809	1,355,549	(310,260)
Net Change in Fund Balance	(901,000)	(796,095)	57,365	853,460
Fund Balance - Beginning	809,823	809,823	809,823	-
Fund Balance - Ending	\$ (91,177)	\$ 13,728	\$ 867,188	\$ 853,460

COUNTY OF SIERRA
Required Supplementary Information
Budgetary Comparison Schedule
Road - Major Special Revenue Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 2,212,380	\$ 541,930	\$ 2,487,144	\$ 1,945,214
Use of money and property	6,000	6,000	6,340	340
Charges for services	580,000	580,000	580,518	518
Other revenues	5,000	5,000	27,296	22,296
Total Revenues	2,803,380	1,132,930	3,101,298	1,968,368
EXPENDITURES				
Current:				
Public ways and facilities	3,428,893	6,508,605	2,373,529	4,135,076
Debt service:				
Principal	-	-	1,198	(1,198)
Interest and other charges	-	-	89	(89)
Capital outlay	-	-	1,469,489	(1,469,489)
Total Expenditures	3,428,893	6,508,605	3,844,305	2,664,300
Excess of Revenues Over (Under) Expenditures	(625,513)	(5,375,675)	(743,007)	4,632,668
OTHER FINANCING SOURCES (USES)				
Transfers in	87,921	-	-	-
Transfers out	-	(150,167)	(162,283)	(12,116)
Total Other Financing Sources (Uses)	87,921	(150,167)	(162,283)	(12,116)
Net Change in Fund Balance	(537,592)	(5,525,842)	(905,290)	4,620,552
Fund Balance - Beginning	288,235	288,235	288,235	-
Fund Balance - Ending	\$ (249,357)	\$ (5,237,607)	\$ (617,055)	\$ 4,620,552

COUNTY OF SIERRA
Required Supplementary Information
Budgetary Comparison Schedule
Human Services - Major Special Revenue Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 2,495,210	\$ 2,495,210	\$ 2,807,774	\$ 312,564
Use of money	-	-	275	275
Charges for services	15,000	15,000	-	(15,000)
Other revenues	-	99,406	67,475	(31,931)
Total Revenues	2,510,210	2,609,616	2,875,524	265,908
EXPENDITURES				
Current:				
Public assistance	2,834,068	2,758,211	2,197,492	560,719
Debt service:				
Principal	-	-	14,808	(14,808)
Interest and other charges	-	-	1,101	(1,101)
Total Expenditures	2,834,068	2,758,211	2,213,401	544,810
Excess of Revenues Over (Under) Expenditures	(323,858)	(148,595)	662,123	810,718
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(75,263)	(81,336)	(6,073)
Total Other Financing Sources (Uses)	-	(75,263)	(81,336)	(6,073)
Net Change in Fund Balance	(323,858)	(223,858)	580,787	804,645
Fund Balance - Beginning	4,357,996	4,357,996	4,357,996	-
Fund Balance - Ending	\$ 4,034,138	\$ 4,134,138	\$ 4,938,783	\$ 804,645

COUNTY OF SIERRA
Required Supplementary Information
Budgetary Comparison Schedule
Public Health and Drug Programs - Major Special Revenue Fund
For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 3,468,584	\$ 3,468,584	\$ 3,548,243	\$ 79,659
Use of money	6,000	6,000	66,060	60,060
Charges for services	19,500	19,500	41,278	21,778
Other revenues	2,450	2,450	3,059	609
Total Revenues	<u>3,496,534</u>	<u>3,496,534</u>	<u>3,658,640</u>	<u>162,106</u>
EXPENDITURES				
Current:				
Health and welfare	4,194,197	4,194,197	3,141,223	1,052,974
Debt service:				
Principal	-	-	20,730	(20,730)
Interest and other charges	-	-	1,541	(1,541)
Capital outlay	-	-	44,114	(44,114)
Total Expenditures	<u>4,194,197</u>	<u>4,194,197</u>	<u>3,207,608</u>	<u>986,589</u>
Excess of Revenues Over (Under) Expenditures	<u>(697,663)</u>	<u>(697,663)</u>	<u>451,032</u>	<u>1,148,695</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	7,330	7,330	7,330	-
Transfers out	(212,567)	(212,567)	(107,123)	105,444
Total Other Financing Sources (Uses)	<u>(205,237)</u>	<u>(205,237)</u>	<u>(99,793)</u>	<u>105,444</u>
Net Change in Fund Balance	<u>(902,900)</u>	<u>(902,900)</u>	<u>351,239</u>	<u>1,254,139</u>
Fund Balance - Beginning	<u>7,358,934</u>	<u>7,358,934</u>	<u>7,358,934</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 6,456,034</u>	<u>\$ 6,456,034</u>	<u>\$ 7,710,173</u>	<u>\$ 1,254,139</u>

COUNTY OF SIERRA
Required Supplementary Information
Notes to Budgetary Comparison Schedules
For the Year Ended June 30, 2017

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, 2017

	Special Revenue	Debt Service	Capital Projects	Total
ASSETS				
Cash and investments	\$ 1,149,006	\$ 141,181	\$ 19,678	\$ 1,309,865
Receivables:				
Accounts	-	57,863	-	57,863
Taxes	4,558	-	-	4,558
Intergovernmental	164,167	-	-	164,167
Deposits	-	775	-	775
Due from other funds	695,607	-	-	695,607
Total Assets	\$ 2,013,338	\$ 199,819	\$ 19,678	\$ 2,232,835
LIABILITIES				
Accounts payable	\$ 24,762	\$ -	\$ -	\$ 24,762
Salaries and benefits payable	2,962	-	-	2,962
Due to other funds	33,280	-	-	33,280
Total Liabilities	61,004	-	-	61,004
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	2,805	-	-	2,805
Total Deferred Inflows of Resources	2,805	-	-	2,805
FUND BALANCES				
Restricted	1,949,529	199,819	19,678	2,169,026
Total Fund Balances	1,949,529	199,819	19,678	2,169,026
Total Liabilities, Fund Balances and Deferred Inflows of Resources	\$ 2,013,338	\$ 199,819	\$ 19,678	\$ 2,232,835

COUNTY OF SIERRA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue	Debt Service	Capital Projects	Total
REVENUES				
Taxes and assessments	\$ 159,001	\$ -	\$ -	\$ 159,001
Fines and forfeitures	29,363	-	-	29,363
Intergovernmental	1,656,318	-	-	1,656,318
Use of money and property	6,370	1,467	-	7,837
Charges for services	187,180	-	-	187,180
Other revenues	50,060	2,093	19,678	71,831
Total Revenues	2,088,292	3,560	19,678	2,111,530
EXPENDITURES				
Current:				
General government	188,026	795	-	188,821
Public protection	136,878	-	-	136,878
Public ways and facilities	198,379	-	-	198,379
Debt service:				
Principal	16,771	437,000	-	453,771
Interest and other charges	1,247	140,267	-	141,514
Capital Outlay	16,387	-	-	16,387
Total Expenditures	557,688	578,062	-	1,135,750
Excess of Revenues Over (Under) Expenditures	1,530,604	(574,502)	19,678	975,780
OTHER FINANCING SOURCES (USES)				
Transfers in	31,804	636,708	-	668,512
Transfers out	(1,650,928)	(28,032)	-	(1,678,960)
Total Other Financing Sources (Uses)	(1,619,124)	608,676	-	(1,010,448)
Net Change in Fund Balances	(88,520)	34,174	19,678	(34,668)
Fund Balances - Beginning	2,038,049	165,645	-	2,203,694
Fund Balances - Ending	\$ 1,949,529	\$ 199,819	\$ 19,678	\$ 2,169,026

Nonmajor Governmental Funds

- **Special Revenue Funds**

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COUNTY OF SIERRA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2017

	<u>Fish and Game</u>	<u>Aviation</u>	<u>Predator Control</u>	<u>Clerk Recorder</u>	<u>Court Fines</u>
ASSETS					
Cash and investments	\$ 6,375	\$ 30,047	\$ 796	\$ 61,879	\$ 49,816
Receivables:					
Taxes	-	-	-	-	-
Intergovernmental	-	10,000	-	-	-
Due from other funds	-	-	-	-	-
Total Assets	<u>\$ 6,375</u>	<u>\$ 40,047</u>	<u>\$ 796</u>	<u>\$ 61,879</u>	<u>\$ 49,816</u>
LIABILITIES					
Accounts payable	\$ -	\$ 108	\$ -	\$ 374	\$ -
Salaries and benefits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>108</u>	<u>-</u>	<u>374</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted	6,375	39,939	796	61,505	49,816
Total Fund Balances	<u>6,375</u>	<u>39,939</u>	<u>796</u>	<u>61,505</u>	<u>49,816</u>
Total Liabilities, Fund Balances and Deferred Inflows of Resources	<u>\$ 6,375</u>	<u>\$ 40,047</u>	<u>\$ 796</u>	<u>\$ 61,879</u>	<u>\$ 49,816</u>

Law Enforcement	Board of Supervisors	Fire Safe	Tax Related Costs Trust	Office of Emergency Services	Special Districts Under the Board	Total
\$ 646,491	\$ 26,798	\$ 50,805	\$ 33,208	\$ -	\$ 242,791	\$ 1,149,006
-	-	-	-	-	4,558	4,558
126,620	-	-	-	27,547	-	164,167
645,378	-	30,524	-	19,705	-	695,607
<u>\$ 1,418,489</u>	<u>\$ 26,798</u>	<u>\$ 81,329</u>	<u>\$ 33,208</u>	<u>\$ 47,252</u>	<u>\$ 247,349</u>	<u>\$ 2,013,338</u>
\$ 6,541	\$ 7,076	\$ -	\$ 920	\$ -	\$ 9,743	\$ 24,762
-	-	-	-	-	2,962	2,962
1,986	-	-	-	31,294	-	33,280
<u>8,527</u>	<u>7,076</u>	<u>-</u>	<u>920</u>	<u>31,294</u>	<u>12,705</u>	<u>61,004</u>
<u>2,805</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,805</u>
<u>2,805</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,805</u>
<u>1,405,856</u>	<u>19,722</u>	<u>81,329</u>	<u>33,589</u>	<u>15,958</u>	<u>234,644</u>	<u>1,949,529</u>
<u>1,405,856</u>	<u>19,722</u>	<u>81,329</u>	<u>33,589</u>	<u>15,958</u>	<u>234,644</u>	<u>1,949,529</u>
<u>\$ 1,417,188</u>	<u>\$ 26,798</u>	<u>\$ 81,329</u>	<u>\$ 34,509</u>	<u>\$ 47,252</u>	<u>\$ 247,349</u>	<u>\$ 2,013,338</u>

COUNTY OF SIERRA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2017

	Fish and Game	Aviation	Predator Control	Clerk Recorder	Court Fines
REVENUES					
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	778	-	-	-	1,609
Intergovernmental	-	10,000	110	-	-
Use of money and property	-	-	-	-	-
Charges for services	-	-	-	113,360	-
Other revenues	1,900	59	-	4,768	-
Total Revenues	2,678	10,059	110	118,128	1,609
EXPENDITURES					
Current:					
General government	2,436	-	-	103,173	-
Public protection	-	-	-	-	-
Public ways and facilities	-	17,281	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	2,436	17,281	-	103,173	-
Excess of Revenues Over (Under) Expenditures	242	(7,222)	110	14,955	1,609
OTHER FINANCING SOURCES (USES)					
Transfers in	-	20,000	-	-	-
Transfers out	-	-	-	(6,000)	-
Total Other Financing Sources (Uses)	-	20,000	-	(6,000)	-
Net Change in Fund Balances	242	12,778	110	8,955	1,609
Fund Balances - Beginning	6,133	27,161	686	52,550	48,207
Fund Balances - Ending	\$ 6,375	\$ 39,939	\$ 796	\$ 61,505	\$ 49,816

Law Enforcement	Board of Supervisors	Fire Safe	Tax Related Costs Trust	Office of Emergency Services	Special Districts Under the Board	Total
\$ -	\$ -	\$ -	\$ 1,790	\$ -	\$ 157,211	\$ 159,001
2,898	24,078	-	-	-	-	29,363
1,595,957	-	-	-	50,251	-	1,656,318
4,768	-	-	-	-	1,602	6,370
-	-	-	4,364	-	69,456	187,180
31,141	-	-	5,105	-	7,087	50,060
<u>1,634,764</u>	<u>24,078</u>	<u>-</u>	<u>11,259</u>	<u>50,251</u>	<u>235,356</u>	<u>2,088,292</u>
-	-	-	14,286	-	68,131	188,026
92,863	-	23,431	-	15,584	5,000	136,878
-	50,319	-	-	-	130,779	198,379
16,771	-	-	-	-	-	16,771
1,247	-	-	-	-	-	1,247
-	-	-	-	16,387	-	16,387
<u>110,881</u>	<u>50,319</u>	<u>23,431</u>	<u>14,286</u>	<u>31,971</u>	<u>203,910</u>	<u>557,688</u>
<u>1,523,883</u>	<u>(26,241)</u>	<u>(23,431)</u>	<u>(3,027)</u>	<u>18,280</u>	<u>31,446</u>	<u>1,530,604</u>
-	-	-	1,301	-	10,503	31,804
(1,637,015)	-	-	-	-	(7,913)	(1,650,928)
<u>(1,637,015)</u>	<u>-</u>	<u>-</u>	<u>1,301</u>	<u>-</u>	<u>2,590</u>	<u>(1,619,124)</u>
(113,132)	(26,241)	(23,431)	(1,726)	18,280	34,036	(88,520)
<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>\$ 1,405,856</u>	<u>\$ 19,722</u>	<u>\$ 81,329</u>	<u>\$ 33,589</u>	<u>\$ 15,958</u>	<u>\$ 234,644</u>	<u>\$ 1,949,529</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, 2017

	Debt Service	Debt Service Court	Totals
ASSETS			
Cash and investments	\$ 1,997	\$ 139,184	\$ 141,181
Receivables:			
Accounts	57,863	-	57,863
Deposits	775	-	775
Total Assets	\$ 60,635	\$ 139,184	\$ 199,819
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Total Liabilities	-	-	-
FUND BALANCE			
Restricted	60,635	139,184	199,819
Total Fund Balance	60,635	139,184	199,819
Total Liabilities and Fund Balance	\$ 60,635	\$ 139,184	\$ 199,819

COUNTY OF SIERRA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Nonmajor Debt Service Funds
For the Year Ended June 30, 2017

	Debt Service	Debt Service Court	Totals
REVENUES			
Use of money	\$ -	\$ 1,467	\$ 1,467
Other revenues	-	2,093	2,093
Total Revenues	-	3,560	3,560
EXPENDITURES			
Current:			
General government	795	-	795
Debt service:			
Principal	437,000	-	437,000
Interest and other charges	140,267	-	140,267
Total Expenditures	578,062	-	578,062
Excess of Revenues Over (Under) Expenditures	(578,062)	3,560	(574,502)
OTHER FINANCING SOURCES (USES)			
Transfers in	636,708	-	636,708
Transfers out	-	(28,032)	(28,032)
Total Other Financing Sources (Uses)	636,708	(28,032)	608,676
Net Change in Fund Balance	58,646	(24,472)	34,174
Fund Balance - Beginning	1,989	163,656	165,645
Fund Balance - Ending	\$ 60,635	\$ 139,184	\$ 199,819

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, 2017

	<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	\$ -	\$ 22,756	\$ -	\$ 7,473
Receivables:				
Taxes	274	575	403	184
Total Assets	<u>\$ 274</u>	<u>\$ 23,331</u>	<u>\$ 403</u>	<u>\$ 7,657</u>
LIABILITIES				
Accounts payable	\$ 22	\$ 18	\$ 1,099	\$ 28
Salaries and benefits payable	-	-	-	-
Total Liabilities	<u>22</u>	<u>18</u>	<u>1,099</u>	<u>28</u>
FUND BALANCES				
Restricted	252	23,313	(696)	7,629
Total Fund Balances	<u>252</u>	<u>23,313</u>	<u>(696)</u>	<u>7,629</u>
Total Liabilities and Fund Balances	<u>\$ 274</u>	<u>\$ 23,331</u>	<u>\$ 403</u>	<u>\$ 7,657</u>

Co. Service Area #5	Sierra Brooks Water	Verdi Fire Zone	Total
\$ -	\$ 195,133	\$ 17,429	\$ 242,791
410	2,712	-	4,558
<u>\$ 410</u>	<u>\$ 197,845</u>	<u>\$ 17,429</u>	<u>\$ 247,349</u>
\$ 77	\$ 8,499	\$ -	\$ 9,743
-	2,962	-	2,962
<u>77</u>	<u>11,461</u>	<u>-</u>	<u>12,705</u>
<u>333</u>	<u>186,384</u>	<u>17,429</u>	<u>234,644</u>
<u>333</u>	<u>186,384</u>	<u>17,429</u>	<u>234,644</u>
<u>\$ 410</u>	<u>\$ 197,845</u>	<u>\$ 17,429</u>	<u>\$ 247,349</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, 2017

	Co. Service Area #1	Co. Service Area #2	Co. Service Area #3	Co. Service Area #4
REVENUES				
Taxes and assessments	\$ 9,243	\$ 24,686	\$ 14,190	\$ 6,623
Use of money and property	-	-	-	-
Charges for services	-	-	-	-
Other revenues	60	58	57	59
Total Revenues	<u>9,303</u>	<u>24,744</u>	<u>14,247</u>	<u>6,682</u>
EXPENDITURES				
Current:				
General government	15,163	14,721	14,790	6,303
Public protection	-	-	-	-
Public ways and facilities	-	-	-	-
Total Expenditures	<u>15,163</u>	<u>14,721</u>	<u>14,790</u>	<u>6,303</u>
Excess of Revenues Over (Under) Expenditures	<u>(5,860)</u>	<u>10,023</u>	<u>(543)</u>	<u>379</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,904	-	1,330	-
Transfers out	(65)	(1,337)	(828)	(38)
Total Other Financing Sources (Uses)	<u>5,839</u>	<u>(1,337)</u>	<u>502</u>	<u>(38)</u>
Net Change in Fund Balances	(21)	8,686	(41)	341
Fund Balances - Beginning	273	14,627	(655)	7,288
Fund Balances - Ending	<u>\$ 252</u>	<u>\$ 23,313</u>	<u>\$ (696)</u>	<u>\$ 7,629</u>

Co. Service Area #5	Sierra Brooks Water	Verdi Fire Zone	Total
\$ 13,841	\$ 88,628	\$ -	\$ 157,211
-	1,451	151	1,602
-	66,165	3,291	69,456
58	6,795	-	7,087
<u>13,899</u>	<u>163,039</u>	<u>3,442</u>	<u>235,356</u>
17,154	-	-	68,131
-	-	5,000	5,000
-	130,779	-	130,779
<u>17,154</u>	<u>130,779</u>	<u>5,000</u>	<u>203,910</u>
<u>(3,255)</u>	<u>32,260</u>	<u>(1,558)</u>	<u>31,446</u>
3,269	-	-	10,503
(10)	(5,635)	-	(7,913)
<u>3,259</u>	<u>(5,635)</u>	<u>-</u>	<u>2,590</u>
4	26,625	(1,558)	34,036
<u>329</u>	<u>159,759</u>	<u>18,987</u>	<u>200,608</u>
<u>\$ 333</u>	<u>\$ 186,384</u>	<u>\$ 17,429</u>	<u>\$ 234,644</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, 2017

	Transit	Total
ASSETS		
Current Assets:		
Receivables:		
Intergovernmental	\$ 48,000	\$ 48,000
Total Current Assets	48,000	48,000
Noncurrent Assets:		
Capital Assets :		
Depreciable, net	155,048	155,048
Total Noncurrent Assets	155,048	155,048
Total Assets	203,048	203,048
LIABILITIES		
Current Liabilities:		
Accounts payable	48,000	48,000
Total Current Liabilities	48,000	48,000
Total Liabilities	48,000	48,000
NET POSITION		
Investment in capital assets	155,048	155,048
Total Net Position	\$ 155,048	\$ 155,048

COUNTY OF SIERRA
Combining Statement of Revenues, Expenses, and
Changes in Net Position
Nonmajor Proprietary Fund
For the Year Ended June 30, 2017

	Transit	Total
OPERATING REVENUES		
Passenger fares	\$ 20,973	\$ 20,973
Total Operating Revenues	20,973	20,973
OPERATING EXPENSES		
Purchased transportation	118,973	118,973
Administration	4,117	4,117
Depreciation	29,597	29,597
Total Operating Expenses	152,687	152,687
Operating Income (Loss)	(131,714)	(131,714)
NON-OPERATING REVENUES (EXPENSES)		
Intergovernmental	166,026	166,026
Interest income	(1,165)	(1,165)
Total Non-Operating Revenues (Expenses)	164,861	164,861
Change in Net Position	33,147	33,147
Total Net Position - Beginning	121,901	121,901
Total Net Position - Ending	\$ 155,048	\$ 155,048

COUNTY OF SIERRA
Combining Statement of Cash Flows
Nonmajor Proprietary Fund
For the Year Ended June 30, 2017

	Transit	Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 20,973	\$ 20,973
Payments to suppliers	(75,090)	(75,090)
Net Cash Provided (Used) by Operating Activities	(54,117)	(54,117)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Intergovernmental revenue received	158,026	158,026
Net Cash Provided (Used) by Noncapital Financing Activities	158,026	158,026
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(117,383)	(117,383)
Disposal of capital assets	2,000	2,000
Net Cash Provided (Used) by Capital and Related Financing Activities	(115,383)	(115,383)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	(1,165)	(1,165)
Net Cash Provided (Used) by Investing Activities	(1,165)	(1,165)
Net Increase (Decrease) in Cash and Cash Equivalents	(12,639)	(12,639)
Balance - Beginning	12,639	12,639
Balance - Ending	\$ -	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (131,714)	\$ (131,714)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	29,597	29,597
Increase (decrease) in:		
Accounts payable	48,000	48,000
Net Cash Provided (Used) by Operating Activities	\$ (54,117)	\$ (54,117)

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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, 2017

	<u>Total Investment Trust Funds</u>
ASSETS	
Cash and investments	\$ 8,190,509
Receivables:	
Accounts	<u>12</u>
Total Assets	<u>8,190,521</u>
NET POSITION	
Held in trust for pool participants	<u><u>\$ 8,190,521</u></u>

COUNTY OF SIERRA
Combining Statement of Changes in Fiduciary Net Position
Investment Trust Funds
For the Year Ending June 30, 2017

	<u>Total Investment Trust Funds</u>
ADDITIONS	
Contributions to investment pool	\$ 8,887,665
Revenue from use of money and property	<u>77,404</u>
Total Additions	<u>8,965,069</u>
DEDUCTIONS	
Distributions from investment pool	<u>9,016,597</u>
Total Deductions	<u>9,016,597</u>
Total Change in Net Position	(51,528)
Net Position - Beginning	<u>8,242,049</u>
Net Position - Ending	<u><u>\$ 8,190,521</u></u>

COUNTY OF SIERRA
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2017

	County Departmental Agency	Total Agency Funds
ASSETS		
Cash and investments	\$ 370,822	\$ 370,822
Taxes receivable	549,100	549,100
Due from other funds	29,064	29,064
Total Assets	\$ 948,986	\$ 948,986
LIABILITIES		
Agency funds held for others	\$ 948,986	\$ 948,986
Total Liabilities	\$ 948,986	\$ 948,986

COUNTY OF SIERRA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
COUNTY DEPARTMENTAL AGENCY FUNDS				
ASSETS				
Cash and investments	\$ 275,042	\$ 214,604	\$ 118,824	\$ 370,822
Taxes receivable	504,974	44,126	-	549,100
Due from other funds	-	29,064	-	29,064
Total Assets	\$ 780,016	\$ 287,794	\$ 118,824	\$ 948,986
LIABILITIES				
Agency funds held for others	\$ 780,016	\$ 287,794	\$ 118,824	\$ 948,986
Total Liabilities	\$ 780,016	\$ 287,794	\$ 118,824	\$ 948,986
TOTAL AGENCY FUNDS				
ASSETS				
Cash and investments	\$ 275,042	\$ 214,604	\$ 118,824	\$ 370,822
Taxes receivable	504,974	44,126	-	549,100
Due from other funds	-	29,064	-	29,064
Total Assets	\$ 780,016	\$ 287,794	\$ 118,824	\$ 948,986
LIABILITIES				
Agency funds held for others	780,016	287,794	118,824	948,986
Total Liabilities	\$ 780,016	\$ 287,794	\$ 118,824	\$ 948,986