

**SIERRA COUNTY
TRANSPORTATION COMMISSION,
CALIFORNIA**

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2019**

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SIERRA COUNTY TRANSPORTATION COMMISSION
Annual Financial Report
For the Year Ended June 30, 2019

Table of Contents

	Page
INTRODUCTORY SECTION	
List of Officials	i
FINANCIAL SECTION	
Independent Auditor’s Report.....	1-3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	4
Statement of Activities.....	5
Fund Financial Statements:	
Governmental Fund:	
Balance Sheet	6
Reconciliation of the Governmental Fund Balance Sheet to the Government-Wide	
Statement of Net Position – Governmental Activities.....	7
Statement of Revenues, Expenditures and Changes in Fund Balance	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund	
Balance of the Governmental Fund to the Government-Wide Statement of Activities –	
Governmental Activities.....	9
Fiduciary Funds:	
Statement of Net Position.....	10
Statement of Changes in Net Position.....	11
Notes to Basic Financial Statements	12-19
Required Supplementary Information (Unaudited):	
Budgetary Comparison Schedule – Local Transportation Commission.....	20
Note to Budgetary Comparison Schedule	21
Supplementary Information:	
Combining Fund Statements:	
Private Purpose Trust Funds:	
Combining Statement of net Position	22
Combining Statements of Changes in Net Position.....	23
Schedule of Allocations and Expenditures – Local Transportation Fund	24
Schedule of Allocations and Expenditures – State Transit Assistance Fund	25
OTHER REPORT	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on	
Compliance and Other Matters Based on an Audit of Financial Statements Performed	
in Accordance with Government Auditing Standards and the Rules and Regulations	
of the Transportation Development Act.....	26-27

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INTRODUCTORY SECTION

- **List of Officials**

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SIERRA COUNTY TRANSPORTATION COMMISSION

List of Officials

For the Year Ended June 30, 2019

Board of Commissioners

Paul Roen, Chair	County of Sierra
Sharon Dryden	County of Sierra
Peter Huebner	County of Sierra
Joy Markum	City of Loyalton
Darlene Reide	City of Loyalton
Nancy Rogers, Vice Chair	City of Loyalton
Marianne Moore	Transit

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FINANCIAL SECTION

- **Independent Auditor's Report**
- **Basic Financial Statements**
- **Required Supplementary Information**
- **Supplementary Information**

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INDEPENDENT AUDITOR'S REPORT

To the Sierra County Transportation Commission
County of Sierra
Downieville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of the Sierra County Transportation Commission (Commission), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Commission'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 Commission'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 Commission'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 Sierra County Transportation Commission
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 major fund and the aggregate remaining fund information of the Commission as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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 Commission's basic financial statements. The introductory section, combining fund statements and Schedules of Allocations and Expenditures are presented for purposes of additional analysis and are not a required part of the basic financial statements.

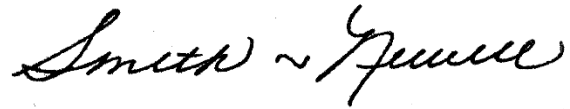
The combining fund statements and the Schedules of Allocations and Expenditures are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing 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 fund statements and the Schedules of Allocations and Expenditures are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

To the Sierra County Transportation Commission
County of Sierra
Downieville, California

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 24, 2019 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Commission's internal control over financial reporting and compliance.



Smith & Newell CPAs
Yuba City, California
October 24, 2019

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Basic Financial Statements

- **Government-Wide Financial Statements**

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SIERRA COUNTY TRANSPORTATION COMMISSION
Statement of Net Position
June 30, 2019

	<u>Total Governmental Activities</u>
ASSETS	
Receivables:	
Intergovernmental	\$ 62,434
Total Assets	<u>62,434</u>
LIABILITIES	
Accounts payable	135
Due to other agencies	58,924
Total Liabilities	<u>59,059</u>
NET POSITION	
Unrestricted	<u>3,375</u>
Total Net Position	<u><u>\$ 3,375</u></u>

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

SIERRA COUNTY TRANSPORTATION COMMISSION

Statement of Activities

For the Year Ended June 30, 2019

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Total Governmental Activities</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		
<u>Functions/Programs:</u>					
Governmental activities:					
Transportation	\$ 150,275	\$ -	\$ 144,485	\$ -	\$ (5,790)
Total Governmental Activities	<u>150,275</u>	<u>-</u>	<u>144,485</u>	<u>-</u>	<u>(5,790)</u>
Total	<u>\$ 150,275</u>	<u>\$ -</u>	<u>\$ 144,485</u>	<u>\$ -</u>	<u>(5,790)</u>
					<u>(5,790)</u>
					<u>9,165</u>
					<u>\$ 3,375</u>

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

Basic Financial Statements

- **Fund Financial Statements**

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SIERRA COUNTY TRANSPORTATION COMMISSION
Balance Sheet
Governmental Fund
June 30, 2019

	Transportation Planning
ASSETS	
Receivables:	
Intergovernmental	\$ 62,434
Total Assets	\$ 62,434
LIABILITIES	
Accounts payable	\$ 135
Due to other agencies	58,924
Total Liabilities	59,059
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenues	62,434
Total Deferred Inflows of Resources	62,434
FUND BALANCE	
Unassigned	(59,059)
Total Fund Balance	(59,059)
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 62,434

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

SIERRA COUNTY TRANSPORTATION COMMISSION
Reconciliation of the Governmental Fund Balance Sheet to the
to the Government-Wide Statement of
Net Position - Governmental Activities
June 30, 2019

Total Fund Balance - Total Governmental Fund	\$ (59,059)
Amounts reported for governmental activities in the statement of net position are different because:	
Other long-term assets were not available to pay for current period expenditures and therefore, are reported as unavailable revenues in the governmental fund.	<u>62,434</u>
Net Position of Governmental Activities	<u><u>\$ 3,375</u></u>

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

SIERRA COUNTY TRANSPORTATION COMMISSION
Statement of Revenues, Expenditures and
Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2019

	Transportation Planning
REVENUES	
Intergovernmental:	
Rural planning assistance	\$ 89,847
Local transportation fund	6,561
STIP PPM	7,492
Total Revenues	103,900
EXPENDITURES	
Planning and administration:	
Administration	21,950
Project development	41,139
Regional Transportation Plan	17,127
Regional Transportation Improvement Program	2,000
Aviation	1,351
Transportation studies	6,532
Intergovernmental review and public outreach	37,706
Miscellaneous	4,855
STIP programming, planning & monitoring	17,615
Total Expenditures	150,275
Net Change in Fund Balance	(46,375)
Fund Balance - Beginning	(12,684)
Fund Balance - Ending	\$ (59,059)

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

**SIERRA COUNTY TRANSPORTATION COMMISSION
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balance of the Governmental Fund to the
 Government-Wide Statement of Activities - Governmental Activities
 For the Year Ended June 30, 2019**

Net Change in Fund Balance - Total Governmental Fund	\$ (46,375)
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Amounts reported for governmental activities in the statement of activities are different because:

Some revenues reported in the statement of activities will not be collected for several months after the Commission's year end and do not provide current financial resources and therefore, are not reported as revenues in the governmental fund.

Change in unavailable revenue	<u>40,585</u>
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Change in Net Position of Governmental Activities	<u>\$ (5,790)</u>
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The notes to the basic financial statements are an integral part of this statement.

Basic Financial Statements

- **Notes to Basic Financial Statements**

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SIERRA COUNTY TRANSPORTATION COMMISSION
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Sierra County Transportation Commission, the regional transportation planning agency for the County of Sierra, was created pursuant to Title 3 of Government Code Section 29535. The Commission is responsible for transportation planning activities as well as administration of the Local Transportation Fund and State Transit Assistance Fund.

The Commission receives monies and allocates these monies for the planning, management, and operation of public transportation systems within the County of Sierra. The Commission also has the authority to allocate monies for other transportation related activities including street and road projects.

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.

Component Units

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that there are no component units of the Commission.

Related Organizations

The County of Sierra performs administrative and accounting functions for the Commission. However, the County is not financially accountable for this organization and therefore the Commission 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 the activities of the Commission. These statements include the financial activities of the Commission except for fiduciary activities. These statements report the governmental activities of the Commission, which are normally supported by taxes and intergovernmental revenues. The Commission had no business-type activities at June 30, 2019.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Commission'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. 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.

SIERRA COUNTY TRANSPORTATION COMMISSION
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Fund Financial Statements

Fund financial statements provide information about the Commission's funds, including fiduciary funds. Funds are organized into the governmental and fiduciary categories. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. The fund of the Commission is organized into the governmental category and treated as a major fund.

The Commission reports the following major governmental fund:

- The Transportation Planning fund is the General fund of the Commission and is used to account for transportation planning activities.

The Commission reports the following additional fund type:

- Private Purpose Trust funds account for property held under other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. Private purpose trust funds include the Local Transportation Fund and State Transit Assistance Fund.

C. Basis of Accounting and Measurement Focus

The government-wide and private purpose trust 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 Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, include sales tax, grants, entitlements, and donations. Under the accrual basis, 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. Sales taxes, interest, and certain state and federal grants are considered susceptible to accrual and are accrued when their receipt occurs within sixty days after the end of the fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

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.

SIERRA COUNTY TRANSPORTATION COMMISSION
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Investments

The Commission pools all cash and investments with the County of Sierra. The Sierra County Treasury is an external investment pool for the Commission and the Commission is considered an involuntary participant. The Commission's share in the pool is displayed in the accompanying financial statements as cash and investments.

Participant's equity in the investment pool is determined by the dollar amount of participants 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 and losses are not apportioned to pool participants.

F. Receivables

Receivables consist mainly of intergovernmental revenues. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

G. Inventory

Inventories are recorded as expenditures at the time the inventory is purchased rather than when consumed. Records are not maintained of inventory and supplies on hand, although these amounts are not considered material.

H. Capital Assets

Capital assets would be valued at historical cost, or estimated historical cost if actual historical cost was not available. Contributed capital assets would be valued at their acquisition value on the date donated. Major outlays for capital assets and improvements would be capitalized as projects are constructed.

Capital assets used in operations would be depreciated or amortized using the straight-line method over the assets' estimated useful lives in the government-wide financial statements.

At June 30, 2019, the Commission did not have any capital assets.

I. 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.

J. Compensated Absences and Other Postemployment Benefits

The Commission does not have employees and consequently does not provide compensated absences or other postemployment benefits.

SIERRA COUNTY TRANSPORTATION COMMISSION
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. 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) until then. At June 30, 2019, the Commission did not have any deferred outflows of resources.

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 Commission has only one type of item, which arises only under the modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the 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.

M. 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.

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

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

Statement No. 83, Certain Asset Retirement Obligations (AROs). This statement enhances the comparability of financial statements among governments, by establishing uniform criteria for governments to recognize and measure certain AROs including obligations that may not have been previously reported. This statement also enhances the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs.

Statement No. 88, Certain Disclosures Related to Debt, including Debt Borrowing, and Direct Placements. This statement improves financial reporting by providing users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risk associated with changes in terms associated with debt will be disclosed. As a result, users will have better information to understand the effects of debt on a government's future resource flows.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Balance

The Transportation Planning fund had a fund balance deficit of \$59,059, which is expected to be eliminated in future years through recognition of unavailable revenues.

SIERRA COUNTY TRANSPORTATION COMMISSION
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 3: CASH AND INVESTMENTS

A. Financial Statement Presentation

As of June 30, 2019, the Commission’s cash and investments are reported in the financial statements as follows:

Private Purpose Trust Funds	\$ <u>155,260</u>
Total Cash and Investments	\$ <u><u>155,260</u></u>

As of June 30, 2019, the Commission’s cash and investments consisted of the following:

Investments:	
Sierra County Treasurer’s pool	\$ <u>155,260</u>
Total Investments	\$ <u><u>155,260</u></u>

B. Cash

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 Commission will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The Commission and County comply with 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.

C. Investments

The Commission does not have a formal investment policy. At June 30, 2019, all investments of the Commission were in the County of Sierra investment pool. Under the provisions of the County’s investment policy and the California Government Code, the County may invest or deposit in the following:

- U.S. Treasuries and Agencies
- Medium Term Corporate Notes
- Negotiable Certificates of Deposit
- Time Certificates of Deposit
- Bankers’ Acceptances
- Commercial Paper
- Repurchase Agreements
- Local Agency Investment Fund (LAIF)
- California Asset Management Program (CAMP)
- Investment Trust of California (CalTRUST)

Fair Value of Investments - The Commission 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

SIERRA COUNTY TRANSPORTATION COMMISSION
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

As of June 30, 2019, the Commission held no individual investments. Accordingly, the measurement of fair value for the Commission's proportionate share of investments in the County investment pool is based on uncategorized inputs not defined as Level 1, Level 2, or Level 3. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County's financial statements. The County of Sierra's financial statements may be obtained by contacting the County of Sierra Auditor-Controller's office at 211 Nevada Street, Downieville, CA 95936.

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 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.

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 type of investment to be met at the time of purchase. As of June 30, 2019, the Commission's investments were all in the County Investment Pool which is not rated by a nationally recognized statistical rating organization.

Custodial Credit Risk - Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the Commission will not be able to recover its deposits or collateral securities that are in the possession of an outside party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investments in securities through the use of mutual funds or government investment pools.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the Commission's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. State law and the investment policy of the County contain limitations on the amount that can be invested in any one issuer. All investments of the Commission were in the County investment pool which contains a diversification of investments.

NOTE 4: NET POSITION

The government-wide 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.

SIERRA COUNTY TRANSPORTATION COMMISSION
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 4: NET POSITION (CONTINUED)

- **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.

NOTE 5: FUND BALANCE

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the Commission is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2019, fund balance for the governmental fund 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.
- **Committed fund balance** - amounts that can only be used for the specific purposes determined by formal action of the Commission’s highest level of decision-making authority. The Board of Commissioners is the highest level of decision making authority for the Commission that can, by Board action, commit fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned fund balance** - amounts that are constrained by the Commission’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 negative residual amount when expenditures incurred exceed the amounts that are restricted, committed, or assigned.

The fund balance for the governmental fund as of June 30, 2019, was distributed as follows:

Unassigned	(\$ 59,059)
Total	(\$ 59,059)

SIERRA COUNTY TRANSPORTATION COMMISSION
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 5: FUND BALANCE (CONTINUED)

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 Commission follows the fund balance policy of the County which establishes procedures for reporting fund balance classifications and establishes a hierarchy for fund balance expenditures.

NOTE 6: RISK MANAGEMENT

The Commission 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 Commission is covered under the County of Sierra's risk management programs.

NOTE 7: RELATED PARTY TRANSACTIONS

The Commission has an informal agreement with the County of Sierra to manage its operations. The County also provides engineering and construction services to the Commission upon request. Related party expenditures incurred for the fiscal year ended June 30, 2019 were \$134,744.

NOTE 8: OTHER INFORMATION

A. Subsequent Events

Management has evaluated events subsequent to June 30, 2019 through October 24, 2019, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

**Required Supplementary Information
(Unaudited)**

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SIERRA COUNTY TRANSPORTATION COMMISSION
Required Supplementary Information
Budgetary Comparison Schedule
Transportation Planning
For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 152,500	\$ 152,500	\$ 103,900	\$ (48,600)
Total Revenues	<u>152,500</u>	<u>152,500</u>	<u>103,900</u>	<u>(48,600)</u>
EXPENDITURES				
Planning and administration:				
Administration	29,000	29,000	21,950	7,050
Project development	62,000	35,000	41,139	(6,139)
Regional Transportation Plan	15,000	15,000	17,127	(2,127)
Regional Transportation Improvement Program	5,000	5,000	2,000	3,000
Aviation	1,000	1,000	1,351	(351)
Transportation studies	5,000	5,000	6,532	(1,532)
Intergovernmental review and public outreach	35,500	35,500	37,706	(2,206)
Miscellaneous	4,663	-	4,855	(4,855)
STIP programming, planning & monitoring	-	27,000	17,615	9,385
Total Expenditures	<u>157,163</u>	<u>152,500</u>	<u>150,275</u>	<u>2,225</u>
Net Change in Fund Balances	(4,663)	-	(46,375)	(46,375)
Fund Balances - Beginning	<u>(12,684)</u>	<u>(12,684)</u>	<u>(12,684)</u>	<u>-</u>
Fund Balances - Ending	<u>\$ (17,347)</u>	<u>\$ (12,684)</u>	<u>\$ (59,059)</u>	<u>\$ (46,375)</u>

SIERRA COUNTY TRANSPORTATION COMMISSION
Required Supplementary Information
Note to Budgetary Comparison Schedule
For the Year Ended June 30, 2019

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

Formal budgetary integration is employed as a management control device during the year. The Commission presents a comparison of annual budget to actual results for the Transportation Planning fund. 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).

The following procedures are performed by the Commission in establishing the budgetary data reflected in the financial statements:

- (1) The Commission annually adopts a budget through the preparation of an overall work program. This work program describes the projects, or work elements, that are to be funded, and the type of funds that will pay for the expenditures, such as Rural Planning Assistance, Local Transportation, or State Transportation Improvement Program (STIP).
- (2) The work program, in draft form, is prepared by Commission staff, submitted and approved by the Commission, and submitted to the State of California, Department of Transportation (CALTRANS) before June 30.
- (3) CALTRANS, as the grantor of Rural Planning Assistance and STIP funds, approves the work program, which then becomes the budget for the operating fund of the Commission.
- (4) Additional sources of revenue and related expenditures not included in the Commission's overall work program are incorporated to complete the Commission's budget that reflects all anticipated activities for the year.
- (5) The Board of Commissioners may amend the budget by motion during the fiscal year.

The Commission 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.

Supplementary Information

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SIERRA COUNTY TRANSPORTATION COMMISSION
Combining Statement of Net Position
Private Purpose Trust Funds
June 30, 2019

	<u>Local Transportation</u>	<u>State Transit Assistance</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ 49,772	\$ 105,488	\$ 155,260
Receivables:			
Intergovernmental	<u>21,370</u>	<u>7,650</u>	<u>29,020</u>
Total Assets	<u>\$ 71,142</u>	<u>\$ 113,138</u>	<u>\$ 184,280</u>
LIABILITIES			
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net position held in trust	<u>71,142</u>	<u>113,138</u>	<u>184,280</u>
Total Net Position	<u>\$ 71,142</u>	<u>\$ 113,138</u>	<u>\$ 184,280</u>

SIERRA COUNTY TRANSPORTATION COMMISSION
Combining Statement of Changes in Net Position
Private Purpose Trust Funds
For the Year Ended June 30, 2019

	Local Transportation	State Transit Assistance	Totals
ADDITIONS			
Sales and use taxes	\$ 78,924	\$ 33,988	\$ 112,912
Interest income	(88)	1,479	1,391
Total Additions	<u>78,836</u>	<u>35,467</u>	<u>114,303</u>
DEDUCTIONS			
Transportation planning	3,921	-	3,921
Transit	66,561	-	66,561
Total Deductions	<u>70,482</u>	<u>-</u>	<u>70,482</u>
Change in Net Position	8,354	35,467	43,821
Net Position - Beginning	<u>62,788</u>	<u>77,671</u>	<u>140,459</u>
Net Position - Ending	<u>\$ 71,142</u>	<u>\$ 113,138</u>	<u>\$ 184,280</u>

SIERRA COUNTY TRANSPORTATION COMMISSION
Schedule of Allocations and Expenditures
Local Transportation Fund
For the Year Ended June 30, 2019

	<u>Allocations Outstanding June 30, 2018</u>	<u>Allocated</u>	<u>Expended</u>	<u>Adjustments</u>	<u>Allocations Outstanding June 30, 2019</u>
City of Loyalton Senior Citizen Van 99400(c)	\$ -	\$ 30,000	\$ 30,000	\$ -	\$ -
County of Sierra Golden Rays 99400(c)	-	30,000	30,000	-	-
County of Sierra 99400(d)	-	19,500	3,921	-	15,579
Sierra County Transportation Commission 99233.1	<u>1,208</u>	<u>-</u>	<u>6,561</u>	<u>-</u>	<u>(5,353)</u>
Totals	<u>\$ 1,208</u>	<u>\$ 79,500</u>	<u>\$ 70,482</u>	<u>\$ -</u>	<u>\$ 10,226</u>

SIERRA COUNTY TRANSPORTATION COMMISSION
Schedule of Allocations and Expenditures
State Transit Assistance Fund
For the Year Ended June 30, 2019

	<u>Allocations Outstanding June 30, 2018</u>	<u>Allocated</u>	<u>Expended</u>	<u>Adjustments</u>	<u>Allocations Outstanding June 30, 2019</u>
City of Loyalton Senior Citizen Van 6730(a)	\$ -	\$ -	\$ -	\$ -	\$ -
County of Sierra Golden Rays 6730(a)	-	-	-	-	-
County of Sierra 6730(b)	-	-	-	-	-
Sierra County Transportation Commission 6730(b)	-	-	-	-	-
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OTHER REPORT

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS AND THE RULES AND
REGULATIONS OF THE TRANSPORTATION DEVELOPMENT ACT**

To the Sierra County Transportation Commission
County of Sierra
Downieville, California

We have audited, in accordance with the 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 and the applicable fiscal audit requirements of the Transportation Development Act including Public Utilities Code Section 99245 and the California Code of Regulations Title 21, Section 6662, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Sierra County Transportation Commission (Commission), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated October 24, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Sierra County Transportation Commission
County of Sierra
Downieville, California

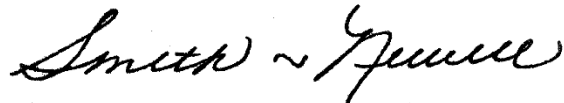
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Additionally, we performed tests to determine that allocations made and expenditures paid by the Commission were made in accordance with the allocation instructions and resolutions of the Commission and in conformance with the California Transportation Development Act. Specifically, we performed each of the specific tasks identified in the California Code of Regulations Title 21, Section 6666 that are applicable to the Commission and tests to determine that certain state funds were received and expended in accordance with applicable bond act and state accounting requirements. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Smith & Newell CPAs
Yuba City, California
October 24, 2019