

**SIERRA COUNTY
TRANSPORTATION COMMISSION,
CALIFORNIA**

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2021**

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SIERRA COUNTY TRANSPORTATION COMMISSION
Annual Financial Report
For the Year Ended June 30, 2021

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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, 2021

Board of Commissioners

Darlene Reide, Chair	City of Loyalton
Sharon Dryden, Vice Chair	County of Sierra
Paul Roen	County of Sierra
Peter Huebner	County of Sierra
Joy Markum	City of Loyalton
Nancy Rogers	City of Loyalton
Vacant	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, 2021, 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, 2021, 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

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.

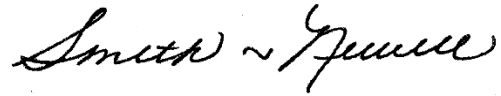
The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of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

The introductory section and the Schedules of Allocations and Expenditures have 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 them.

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 November 29, 2021 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
November 29, 2021

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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, 2021

	<u>Total Governmental Activities</u>
ASSETS	
Receivables:	
Intergovernmental	\$ 64,296
Total Assets	<u>64,296</u>
LIABILITIES	
Due to other agencies	<u>97,337</u>
Total Liabilities	<u>97,337</u>
NET POSITION	
Unrestricted	<u>(33,041)</u>
Total Net Position	<u><u>\$ (33,041)</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, 2021

<u>Functions/Programs:</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				
Transportation	\$ 105,111	\$ -	\$ 72,296	\$ -
Total Governmental Activities	<u>105,111</u>	<u>-</u>	<u>72,296</u>	<u>(32,815)</u>
Total	<u>\$ 105,111</u>	<u>\$ -</u>	<u>\$ 72,296</u>	<u>(32,815)</u>
				Change in Net Position
				(32,815)
				Net Position - Beginning
				<u>(226)</u>
				Net Position - Ending
				<u>\$ (33,041)</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, 2021

	<u>Transportation Planning</u>
ASSETS	
Receivables:	
Intergovernmental	\$ 64,296
Total Assets	<u>\$ 64,296</u>
LIABILITIES	
Due to other agencies	\$ 97,337
Total Liabilities	<u>97,337</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenues	<u>32,556</u>
Total Deferred Inflows of Resources	<u>32,556</u>
FUND BALANCE	
Unassigned	<u>(65,597)</u>
Total Fund Balance	<u>(65,597)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 64,296</u>

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, 2021

Total Fund Balance - Total Governmental Fund	\$ (65,597)
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>32,556</u>
Net Position of Governmental Activities	<u><u>\$ (33,041)</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, 2021

	Transportation Planning
REVENUES	
Intergovernmental:	
Rural planning assistance	\$ 89,272
Local transportation fund	8,000
PPM	10,261
Total Revenues	107,533
EXPENDITURES	
Planning and administration:	
Administration	12,622
Project development	31,838
Regional Transportation Plan	2,196
Regional Transportation Improvement Program	7,322
Transportation studies	4,393
Intergovernmental review and public outreach	29,897
Miscellaneous	5,840
STIP programming, planning & monitoring	11,003
Total Expenditures	105,111
Net Change in Fund Balance	2,422
Fund Balance - Beginning	(68,019)
Fund Balance - Ending	\$ (65,597)

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, 2021

Net Change in Fund Balance - Total Governmental Fund	\$ 2,422
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	(35,237)
Change in Net Position of Governmental Activities	\$ (32,815)

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

SIERRA COUNTY TRANSPORTATION COMMISSION
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	<u>Private Purpose Trust Funds</u>
ASSETS	
Cash and investments	\$ 50,052
Receivables:	
Intergovernmental	14,862
Due from other agencies	<u>22,641</u>
Total Assets	<u><u>\$ 87,555</u></u>
LIABILITIES	
Accounts payable	<u>\$ -</u>
Total Liabilities	<u>-</u>
NET POSITION	
Net position held in trust	<u>87,555</u>
Total Net Position	<u><u>\$ 87,555</u></u>

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

SIERRA COUNTY TRANSPORTATION COMMISSION
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	Private Purpose Trust Funds
ADDITIONS	
Sales and use taxes	\$ 37,041
State transit assistance allocation	22,770
State of good repair allocation	4,767
Net investment earnings	1,668
	66,246
DEDUCTIONS	
Planning and administration	8,000
Transit	78,500
	86,500
Net Increase (Decrease) in Fiduciary Net Position	(20,254)
Total Net Position - Beginning	107,809
Total Net Position - Ending	\$ 87,555

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, 2021

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.

Component Units

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

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, 2021.

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, 2021

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.

Additionally, the Commission reports the following fund type:

- Private Purpose Trust funds are used to report all fiduciary activities that (a) are not required to be reported in pension (and their employee benefits) trust funds and (b) are held in a trust.

C. Basis of Accounting and Measurement Focus

The government-wide 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.

Fiduciary funds include private purpose trust funds. Private purpose trust 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.

SIERRA COUNTY TRANSPORTATION COMMISSION
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

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, 2021, 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, 2021

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, 2021, 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 fund balance sheet. The governmental fund reports 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.

L. 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.

M. 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. 84, “Fiduciary Activities.” The requirements of this statement are effective for periods beginning after December 15, 2019. The Commission implemented this statement for the fiscal year ended June 30, 2021.

Statement No. 90, “Majority Equity Interest.” In September 2018, the GASB issued Statement No. 90, an amendment of GASB Statements No. 14 and No. 61. The requirements of this statement will take effect for financial statement starting with the fiscal year that ends June 30, 2021. The Commission does not have any majority equity interests to report for the year ended June 30, 2021.

N. Future Accounting Pronouncements

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

Statement No. 87 “Leases” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

Statement No. 89 “Accounting for Interest Cost Incurred Before the End of a Construction Period”. The requirements of this statement are effective for periods beginning after December 15, 2020. (FY 21/22)

SIERRA COUNTY TRANSPORTATION COMMISSION
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Future Accounting Pronouncements (Continued)

Statement No. 91 “Conduit Debt Obligations” The requirements of this statement are effective for periods beginning after December 15, 2021. (FY 22/23)

Statement No. 92 “Omnibus 2020” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

Statement No. 93 “Replacement of Interbank Offered Rates” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

Statement No. 94 “Public-Private and Public-Public Partnerships and Availability Payment Arrangements” The requirements of this statement are effective for periods beginning after June 15, 2022. (FY 22/23)

Statement No. 96 “Subscription-Based Information Technology Arrangements” The requirements of this statement are effective for periods beginning after June 15, 2022. (FY 22/23)

Statement No. 97 “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Balance

The Transportation Planning fund had a fund balance deficit of \$65,597, which is expected to be eliminated in future years through recognition of unavailable revenues.

NOTE 3: CASH AND INVESTMENTS

A. Financial Statement Presentation

As of June 30, 2021, the Commission’s cash and investments are reported in the financial statements as follows:

Private Purpose Trust Funds	\$ <u>50,052</u>
Total Cash and Investments	\$ <u><u>50,052</u></u>

As of June 30, 2021, the Commission’s cash and investments consisted of the following:

Investments:	
Sierra County Treasurer’s pool	\$ <u>50,052</u>
Total Investments	\$ <u><u>50,052</u></u>

SIERRA COUNTY TRANSPORTATION COMMISSION
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

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 public funds.

C. Investments

The Commission does not have a formal investment policy. At June 30, 2021, 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:

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

Fair Value of Investments - The 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

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

SIERRA COUNTY TRANSPORTATION COMMISSION
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

At June 30, 2021, the Commission had the following recurring fair value measurements:

Investment Type	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level				
None	\$ -	\$ -	\$ -	\$ -
Total Investments Measured at Fair Value	-	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Investments in External Investment Pool				
Sierra County Treasurer's Pool	<u>50,052</u>			
Total Investments	<u>\$ 50,052</u>			

Interest Rate Risk - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. To limit 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, 2021, the Commission's investments were all held with the County of Sierra 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 Sierra 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.

SIERRA COUNTY TRANSPORTATION COMMISSION
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 4: NET POSITION (CONTINUED)

- **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.

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, 2021, fund balance for the governmental fund is made up of the following:

- **Non-spendable 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 authority, 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.

SIERRA COUNTY TRANSPORTATION COMMISSION
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 5: FUND BALANCE (CONTINUED)

The fund balance for the governmental fund as of June 30, 2021, was distributed as follows:

Unassigned	(\$ 65,597)
Total	(\$ <u>65,597</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 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, 2021 were \$88,970.

NOTE 8: OTHER INFORMATION

A. Subsequent Events

Management has evaluated events subsequent to June 30, 2021 through November 29, 2021, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

B. State of Good Repair

During the year ended June 30, 2021, the State Transit Assistance Private Purpose Trust Fund has a carryover balance of \$ 5,342 plus state of Good Repair revenue of \$4,767 for total amount of \$10,109. For the year ended June 30, 2021, qualifying expenditures of \$0 were incurred and the remaining carryover balance was \$10,109.

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**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, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental:				
Rural planning assistance	\$ 125,500	\$ 125,500	\$ 89,272	\$ (36,228)
Local transportation fund	-	-	8,000	8,000
PPM	20,000	20,000	10,261	(9,739)
Total Revenues	<u>145,500</u>	<u>145,500</u>	<u>107,533</u>	<u>(37,967)</u>
EXPENDITURES				
Planning and administration:				
Administration	29,000	20,000	12,622	7,378
Project development	62,000	41,000	31,838	9,162
Regional Transportation Plan	15,000	5,000	2,196	2,804
Regional Transportation Improvement Program	5,000	5,000	7,322	(2,322)
Aviation	1,000	1,000	-	1,000
Transportation studies	5,000	5,000	4,393	607
Intergovernmental review and public outreach	35,500	48,500	29,897	18,603
Miscellaneous	5,839	-	5,840	(5,840)
STIP programming, planning & monitoring	20,000	20,000	11,003	8,997
Total Expenditures	<u>178,339</u>	<u>145,500</u>	<u>105,111</u>	<u>40,389</u>
Net Change in Fund Balances	(32,839)	-	2,422	2,422
Fund Balances - Beginning	<u>(68,019)</u>	<u>(68,019)</u>	<u>(68,019)</u>	<u>-</u>
Fund Balances - Ending	<u>\$ (100,858)</u>	<u>\$ (68,019)</u>	<u>\$ (65,597)</u>	<u>\$ 2,422</u>

SIERRA COUNTY TRANSPORTATION COMMISSION
Required Supplementary Information
Note to Budgetary Comparison Schedule
For the Year Ended June 30, 2021

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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Combining Fund Financial Statements

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SIERRA COUNTY TRANSPORTATION COMMISSION
Combining Statement of Fiduciary Net Position
Private Purpose Trust Funds
June 30, 2021

	Local Transportation	State Transit Assistance	Totals
ASSETS			
Cash and investments	\$ 26,564	\$ 23,488	\$ 50,052
Receivables:			
Intergovernmental	8,188	6,674	14,862
Due from other agencies	-	22,641	22,641
	Total Assets	\$ 52,803	\$ 87,555
	\$ 34,752	\$ 52,803	\$ 87,555
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
	Total Liabilities	-	-
	-	-	-
NET POSITION			
Net position held in trust	34,752	52,803	87,555
	Total Net Position	\$ 52,803	\$ 87,555
	\$ 34,752	\$ 52,803	\$ 87,555

SIERRA COUNTY TRANSPORTATION COMMISSION
Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the Year Ended June 30, 2021

	Local Transportation	State Transit Assistance	Totals
ADDITIONS			
Sales and use taxes	\$ 37,041	\$ -	\$ 37,041
State transit assistance allocation	-	22,770	22,770
State of good repair allocation	-	4,767	4,767
Net investment earnings	1,228	440	1,668
Total Additions	38,269	27,977	66,246
DEDUCTIONS			
Planning and administration	8,000	-	8,000
Transit	78,500	-	78,500
Total Deductions	86,500	-	86,500
Net Increase (Decrease) in Fiduciary Net Position	(48,231)	27,977	(20,254)
Total Net Position - Beginning	82,983	24,826	107,809
Total Net Position - Ending	\$ 34,752	\$ 52,803	\$ 87,555

Schedules of Allocations and Expenditures

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SIERRA COUNTY TRANSPORTATION COMMISSION
Schedule of Allocations and Expenditures
Local Transportation Fund
For the Year Ended June 30, 2021

	<u>Allocations Outstanding June 30, 2020</u>	<u>Allocated</u>	<u>Expended</u>	<u>Adjustments</u>	<u>Allocations Outstanding June 30, 2021</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)	15,579	18,500	18,500	-	15,579
Sierra County Transportation Commission 99233.1	1,208	-	8,000	-	(6,792)
Totals	<u>\$ 16,787</u>	<u>\$ 78,500</u>	<u>\$ 86,500</u>	<u>\$ -</u>	<u>\$ 8,787</u>

SIERRA COUNTY TRANSPORTATION COMMISSION
Schedule of Allocations and Expenditures
State Transit Assistance Fund
For the Year Ended June 30, 2021

	<u>Allocations Outstanding June 30, 2020</u>	<u>Allocated</u>	<u>Expended</u>	<u>Adjustments</u>	<u>Allocations Outstanding June 30, 2021</u>
County of Sierra 6730(a)	\$ 15,581	\$ -	\$ -	\$ -	\$ 15,581
Totals	<u>\$ 15,581</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,581</u>

OTHER REPORT AND SCHEDULES

- **Other Report**
- **Schedule of Findings and Recommendations**
- **Management's Corrective Action Plan**

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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, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated November 29, 2021.

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) as a basis for designing 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 financial statements. 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 an instance of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and recommendations as item 2021-001.

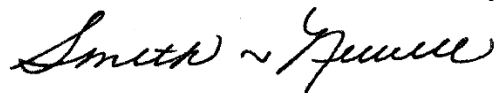
Additionally, we performed tests to determine that allocations made and expenditures paid by the Commission were made in accordance with the allocation instructions and resolutions of the Commission and in conformance with the California Transportation Development Act. Specifically, we performed each 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.

Commission's Response to Finding

The Commission's response to the finding identified in our audit is described in the accompanying management's corrective action plan. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
November 29, 2021

SIERRA COUNTY TRANSPORTATION COMMISSION
Schedule of Findings and Recommendations
For the Year Ended June 30, 2021

2021-001 Allocation Instructions (Compliance)

Criteria

Section 99230 of the Transportation Development Act requires that the planning agency shall annually determine the amount to be allocated to each claimant and Section 99235 states that the planning agency shall convey the allocation information to each claimant and the County auditor. Section 6621 advises that the County auditor shall make payments from the local transportation fund solely in accordance with allocation instructions received from the planning agency.

Condition

During our audit we noted the Commission had expended local transportation funds of \$8,000, without written allocation instructions.

Cause

The Commission did not issue written instructions for all expenditures of local transportation funds.

Effect

Local transportation fund monies were expended without allocation instructions.

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

Not applicable.

Repeat Finding

This is not a repeat finding.

Recommendation

We recommend that the Commission issue allocation instructions for all expenditures of local transportation funds in accordance with the Transportation Development Act.

Views of Responsible Officials and Planned Corrective Action

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

SIERRA COUNTY TRANSPORTATION COMMISSION
Management's Corrective Action Plan
For the Year Ended June 30, 2021

Finding 2021-001 Allocation Instructions (Compliance)

We recommend that the Commission issue allocation instructions for all expenditures of local transportation funds in accordance with the Transportation Development Act.

Management's Response: Management concurs with the finding.

Responsible Individual: Van Maddox

Corrective Action Plan: Will be implemented.

Anticipated Completion Date: December 31, 2021