

**EL DORADO COUNTY
TRANSPORTATION COMMISSION
STATE TRANSIT ASSISTANCE AND
STATE OF GOOD REPAIR FUNDS**

Audited Financial Statements
and Compliance Report

June 30, 2023

**EL DORADO COUNTY
TRANSPORTATION COMMISSION
STATE TRANSIT ASSISTANCE AND
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June 30, 20222023

Audited Financial Statements

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550 Howe Avenue, Suite 210
Sacramento, California 95825

Telephone: (916) 564-8727
Fax: (916) 564-8728

INDEPENDENT AUDITOR'S REPORT

To the El Dorado County Transportation Commission
Placerville, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the State Transit Assistance and the State of Good Repair Funds of the El Dorado County Transportation Commission (the Commission) as of and for the year ended June 30, 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State Transit Assistance and the State of Good Repair Funds of the Commission as of June 30, 2023, and the respective changes in the financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities of the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note A, the financial statements present only the State Transit Assistance and State of Good Repair Funds and do not purport to, and do not, present fairly the financial position of the Commission as of June 30, 2023, or the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the accompanying 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2023 on our consideration of the Commission's internal control over financial reporting related to the Funds and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, and the Transportation Development Act and State of Good Repair Program Guidelines. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Richardson & Company, LLP

November 22, 2023

**EL DORADO COUNTY TRANSPORTATION COMMISSION
STATE TRANSIT ASSISTANCE FUND AND STATE OF GOOD REPAIR FUND**

Management’s Discussion and Analysis
June 30, 2023

This section of the State Transit Assistance Fund and State of Good Repair Fund (the Funds) annual financial report presents a narrative overview and analysis of the Funds’ financial performance during the fiscal year ending June 30, 2023. This discussion and analysis is intended to be used in conjunction with the Funds’ financial statements and notes to the financial statements which follow this section.

The El Dorado County Transportation Commission (the Commission) is the Regional Transportation Planning Agency (RTPA) for the western slope of El Dorado County. As the RTPA, the Commission is responsible for the allocation of the State Transit Assistance Fund and State of Good Repair Fund to the transit operators and claimants within its region.

The State Transit Assistance Fund (STA) and the State of Good Repair Fund (SGR) are held at the County of El Dorado but can only be disbursed in accordance with written allocation instructions issued by the Commission in compliance with the Transportation Development Act. The funds are used for public transportation purposes within the western slope of El Dorado County.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual financial statements consist of two parts: Management’s Discussion and Analysis, as presented in this section, and the basic financial statements. The Discussion and Analysis is intended to serve as an introduction to the Funds’ basic financial statements. The Funds’ basic financial statements are comprised of two components: (1) financial statements and (2) notes to the financial statements.

REQUIRED FINANCIAL STATEMENTS

The Funds’ financial statements are designed to provide readers with a broad overview of the Funds’ financial performance. The State Transit Assistance Fund and State of Good Repair Fund are Special Revenue Funds used to account for the activities supported by sales taxes.

Special Revenue Funds Financial Statements

The balance sheets on page 7 shows the assets, liabilities, and fund balance for the State Transit Assistance Fund and State of Good Repair Fund. The statement of revenues, expenditures, and changes in fund balance on page 8 shows the sales tax collected, the payments to eligible agencies and the remaining fund balance at the end of the fiscal year.

Notes to the Financial Statements

The notes to the Financial Statements provide additional information that is essential to fully understand the data provided. These notes can be found on pages 9 through 11 of this report.

FINANCIAL ANALYSIS OF THE STATE TRANSIT ASSISTANCE FUND AND STATE OF GOOD REPAIR FUND

The Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance report information about the Funds’ activities.

**EL DORADO COUNTY TRANSPORTATION COMMISSION
STATE TRANSIT ASSISTANCE FUND AND STATE OF GOOD REPAIR FUND**

Management’s Discussion and Analysis
June 30, 2023

Balance Sheets

The following table compares the State Transit Assistance Fund and the State of Good Repair Fund Balance Sheets at June 30, 2023 and June 30, 2022:

	2023	2022	Increase/ (Decrease)
<u>Assets</u>			
Cash and investments	\$ 240,221	\$ 229,296	\$ 10,925
Due from other governments	682,633	523,183	159,450
Total Assets	\$ 922,854	\$ 752,479	\$ 170,375
<u>Liabilities</u>			
Due to other governments	\$ 922,854	\$ 752,479	\$ 170,375
Total Liabilities	922,854	752,479	170,375
<u>Fund Balance</u>			
Restricted for public transit	-	0	0
Total Fund Balance	-	0	0
Total Liabilities and Fund Balance	\$ 922,854	\$ 752,479	\$ 170,375

Total Assets – The STA and SGR funds are combined in this table. The Due from other governments is the fourth quarter amount received after the end of the fiscal year. The STA increased \$156,713 during FY 2022/2023 and SGR increased \$2,737.

Total Liabilities – The amount in Due to other governments is the STA and SGR payments to the El Dorado County Transit Authority after the end of the fiscal year.

Statement of Revenues, Expenditures, and Changes in Fund Balance

The following table summarizes the Revenues, Expenditures and Changes in Fund Balance in the State Transit Assistance Fund and the State of Good Repair Fund between Fiscal Years 2022/2023 and 2021/2022:

**EL DORADO COUNTY TRANSPORTATION COMMISSION
STATE TRANSIT ASSISTANCE FUND AND STATE OF GOOD REPAIR FUND**

Management's Discussion and Analysis
June 30, 2023

	2023	2022	Increase/ (Decrease)
<u>Revenues</u>			
Sales and use taxes	\$ 2,726,762	\$ 1,953,766	\$ 772,996
Interest Income	3,880	1,084	2,796
Total Revenues	2,730,642	1,954,850	775,792
<u>Expenditures</u>			
Current Allocations:			
El Dorado County Transit Authority	2,730,642	1,954,867	775,775
Total Expenditures	2,730,642	1,954,867	775,775
Net Change in Fund Balance	-	(17)	17
Fund Balance, Beginning of Year	-	17	(17)
Fund Balance, End of Year	\$ -	\$ -	\$ -

Revenues - The STA revenue is based on sales tax on diesel fuel. The price of diesel fuel and the demand have increased which increased the STA revenue in FY 2022/2023. SGR revenue increased in FY 2022/2023. The SGR Fund is a program funded by Senate Bill 1, the Road Repair and Accountability Act of 2017 (SB1), to keep transit systems in a state of good repair.

Expenditures - The actual amount received in the STA and SGR funds is paid to the El Dorado County Transit Authority who is the only eligible recipient on the western slope of El Dorado County.

ECONOMIC CONDITIONS

For FY 2023/2024, the California State Controller's Office has projected STA sales tax revenue for the West Slope to be \$2,296,350 and the FY 2023/2024 estimated revenue for the State of Good Repair is \$299,414.

REQUEST FOR INFORMATION

This financial report is designed to provide the reader with a general overview of the Funds' finances. If you have questions about this report or need additional financial information, please contact the Fiscal Officer, El Dorado County Transportation Commission, 2828 Easy Street, Suite 1, Placerville, California 95667.

EL DORADO COUNTY TRANSPORTATION COMMISSION
STATE TRANSIT ASSISTANCE AND STATE OF GOOD REPAIR FUNDS

BALANCE SHEETS

June 30, 2023

	STA Fund	SGR Fund	Total
ASSETS			
Cash and investments	\$ 346	\$ 239,875	\$ 240,221
Due from other governments	633,731	48,902	682,633
TOTAL ASSETS	\$ 634,077	\$ 288,777	\$ 922,854
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Due to other governments	\$ 634,077	\$ 288,777	\$ 922,854
TOTAL LIABILITIES	634,077	288,777	922,854
FUND BALANCE			
Restricted for public transit	-	-	-
TOTAL FUND BALANCE	-	-	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 634,077	\$ 288,777	\$ 922,854

The accompanying notes are an integral part of these financial statements.

EL DORADO COUNTY TRANSPORTATION COMMISSION
STATE TRANSIT ASSISTANCE AND STATE OF GOOD REPAIR FUNDS

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Year Ended June 30, 2023

	STA Fund	SGR Fund	Total
REVENUES			
Sales and use taxes	\$ 2,440,813	\$ 285,949	\$ 2,726,762
Interest income	1,052	2,828	3,880
TOTAL REVENUES	2,441,865	288,777	2,730,642
EXPENDITURES			
Current:			
Allocations:			
El Dorado County Transit Authority	2,441,865	288,777	2,730,642
TOTAL EXPENDITURES	2,441,865	288,777	2,730,642
NET CHANGE IN FUND BALANCE	-	-	-
Fund balance, beginning of year	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

EL DORADO COUNTY TRANSPORTATION COMMISSION
STATE TRANSIT ASSISTANCE AND
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the State Transit Assistance and State of Good Repair Funds of the Commission have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Reporting Entity: In 1979, the State Transit Assistance (STA) Fund was created under the Transportation Development Act to provide funding for transportation planning, public transportation, and community transit purposes as specified by the Legislature. Funds for the program are provided by the State from the statewide sales tax on motor vehicle fuel (gasoline) and use fuel (diesel). The money is appropriated to the State Controller's Office and is then allocated by formula to each designated regional planning and programming agency. The formula allocates 50% of the funds based upon population of the region compared to the population of the State, and the remaining 50% is based upon transit operator revenues for the prior fiscal year compared with statewide transit operator revenues.

The El Dorado County Transportation Commission (the Commission) is the Transportation Planning Agency (TPA) designated by the Director of the Department of Transportation for the western slope of El Dorado County. The STA allocations for El Dorado County are deposited in this STA Fund. As a TPA, the Commission is responsible for the allocation of the STA Fund monies to the transit operators and claimants within its region.

This STA Fund, which is one of the special revenue funds that the Commission administers, is held at the County of El Dorado for the Commission. The funds are to be used to provide transit operator or transit contract services within the western slope of El Dorado County. Eligible claimants of the funds are the cities, transit districts, consolidated transportation service agencies, and operators located or operating within the western slope of El Dorado County. The El Dorado County Transit Authority (the Authority) is the only claimant of STA funds within the western slope of El Dorado County. Both the Commission and the Authority are Joint Powers Agencies between El Dorado County and the City of Placerville and have Board members consisting of members of the El Dorado County Board of Supervisors and Placerville City Council, some of which serve on both of the Boards.

On April 28, 2017, Senate Bill (SB) 1 (Chapter 5, Statutes of 2017), the Road Repair and Accountability Act of 2017, was signed into law. SB 1 created a new Transportation Improvement Fee (Fee) on vehicle registrations due on or after January 1, 2018, a portion of which is provided to the California State Controller's Office for the State of Good Repair (SGR) program. The fee is provided by the Commission to eligible agencies under the STA Program formula pursuant to Public Utilities Code Section 99312.1 described in the first paragraph above. SGR fees are available for capital assistance to rehabilitate and modernize existing local transportation systems, including the purchase of new vehicles and the maintenance and rehabilitation of transit facilities and vehicles.

The financial statements are intended to present the financial position and results of operations of only those transactions attributable to the State Transit Assistance and State of Good Repair Funds of the Commission. The Funds are included in the financial statements of the Commission.

Basis of Presentation: The accounts of the Commission are organized on the basis of funds. A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and

EL DORADO COUNTY TRANSPORTATION COMMISSION
STATE TRANSIT ASSISTANCE AND
STATE OF GOOD REPAIR FUNDS

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

results of operations of a specific governmental activity. The Funds are accounted for as a special revenue fund type of the governmental fund group. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. A special revenue fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included in the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by special revenue funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which is 120 days.

Sales taxes are recognized as revenue when the appropriation becomes effective, which is in the same fiscal year as the sales taxes are collected by the State of California. Expenditures are recorded when the related fund liability is incurred, which is when the amounts are apportioned to jurisdictions.

When both restricted and unrestricted resources are available for use, it is the Commission’s policy to use restricted resources first, and then unrestricted resources as they are needed.

Fund Balance: Apportionment is the division of available funds by population to jurisdictions within each county as required by the Transportation Development Act. Once funds are apportioned to a given jurisdiction, they are available only for allocation and payment to claimants for that jurisdiction. Fund balance represents resources received plus accrued interest that have not been apportioned to a jurisdiction that are restricted for future claims for public transportation projects under the Transportation Development Act.

NOTE B – CASH AND INVESTMENTS

Investment Policy: The Fund’s investment policy may be found in the notes to the Commission’s financial statements.

Investment in the County of El Dorado Investment Pool: The STA and SGR Funds’ cash is held in the County of El Dorado (the County) cash and investments pool. The County maintains a cash and investments pool and allocates interest to the various funds based upon the average daily cash balances. Investments held in the County’s cash and investments pool are available on demand to the Commission and are stated at amortized cost, which approximates fair value.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2023, the weighted average maturity of the investments in the County’s cash and investments pool was approximately 689 days.

EL DORADO COUNTY TRANSPORTATION COMMISSION
STATE TRANSIT ASSISTANCE AND
STATE OF GOOD REPAIR FUNDS

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2023

NOTE B – CASH AND INVESTMENTS (Continued)

Credit Risk: Generally, 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 cash and investments pool does not have a rating provided by a nationally recognized statistical rating organization.

Custodial Credit Risk: Custodial credit risk is the risk that the government will not be able to recover its deposits or the value of its investments that are in the possession of an outside party. Custodial credit risk does not apply to a local government’s indirect deposits or investment securities through the use of government investment pools (such as the County of El Dorado investment pool).

NOTE C – SUPPLEMENTARY FUND BALANCE AND EXPENDITURE INFORMATION

California Code of Regulations, Title 21, Division 3, Chapter 2.5, Article 5, Section 6751 related to the Transportation Development Act requires supplementary information for the STA Fund regarding fund balances maintained and allocations made by the Fund. No portion of fund balance has been apportioned to capital cost pursuant to Section 6721 of the Code as of June 30, 2023. The amounts allocated and expended for each of the allocation purposes specified in Sections 6730 and 6731 of the Code were as follows for the year ended June 30, 2023:

PUC Section	Purpose	
6730(b)	Public transportation system capital costs	<u>\$ 2,441,865</u>

The amounts allocated and expended under the State of Good Repair for the year ended June 30, 2023 were as follows:

Purpose	
Repair and rehabilitation	<u>\$ 288,777</u>

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*, THE TRANSPORTATION DEVELOPMENT ACT AND STATE OF GOOD REPAIR PROGRAM GUIDELINES

El Dorado County Transportation Commission
Placerville, 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, the financial statements of the State Transit Assistance and State of Good Repair Funds (the Funds) of the El Dorado County Transportation Commission (the Commission) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Funds' basic financial statements, and have issued our report thereon dated November 22, 2023.

Report on 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 effective 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 entity'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Funds' 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. Our audit was further made to determine that Transportation Development Act funds allocated and received by the Commission were expended in conformance with the applicable statutes, rules and regulations of the Transportation Development Act, Section 6751 of the California Code of Regulations. We also tested the receipt and appropriate expenditure of State of Good Repair program funds in accordance with State of Good Repair Program Guidelines. 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* or the Transportation Development Act or State of Good Repair program requirements.

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.

Richardson & Company, LLP

November 22, 2023