

**EL DORADO COUNTY
TRANSPORTATION COMMISSION**

Audited Financial Statements
Supplementary Information and Compliance Report

June 30, 2022

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EL DORADO COUNTY TRANSPORTATION COMMISSION

Audited Financial Statements,
Supplementary Information and Compliance Report

June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

El Dorado County Transportation Commission
Placerville, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund, of the El Dorado County Transportation Commission (the Commission), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic 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 respective financial position of the governmental activities, and each major fund of the Commission, as of June 30, 2022, 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.

Basis for Opinions

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 for 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. 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 and *Government 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying schedule of indirect and direct expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2022, 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 Commission’s internal control over financial reporting and compliance.

Richardson & Company, LLP

November 14, 2022

EL DORADO COUNTY TRANSPORTATION COMMISSION

Management's Discussion and Analysis June 30, 2022

This section of the El Dorado County Transportation Commission's (EDCTC) annual financial report presents a narrative overview and analysis of EDCTC's financial performance during the fiscal year ending June 30, 2022. This discussion and analysis is intended to be used in conjunction with EDCTC's financial statements and notes to the financial statements which follow this section.

EDCTC's primary objective is to administer the regional transportation planning process and implement a programming and funding strategy to address the mobility needs of El Dorado County residents and visitors. The Overall Work Program and Budget (OWP) is the primary management tool that identifies the activities and annual schedule of work for regional transportation planning for the western slope of El Dorado County. Furthermore, the Regional Transportation Plan 2020-2040 and accompanying Environmental Impact Report serve as a guiding force for transportation improvements over the 20 year period. Additional elements of the Overall Work Program continued at anticipated work levels, including: Agency Administration and Intergovernmental Coordination; Multi-Modal Transportation Planning; Project Delivery and Programming; and Public Information and Outreach.

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 EDCTC's basic financial statements. EDCTC's basic financial statements are comprised of two components: (1) financial statements and (2) notes to the financial statements.

FINANCIAL HIGHLIGHTS OF THE GENERAL FUND

- Total Assets \$ 693,687
- Total Liabilities \$ 341,313
- Total Fund Balance \$ 352,374
- Total Revenue \$ 1,147,131
- Total Transfers In \$ 493,601
- Total Expenditures \$ 1,890,863

REQUIRED FINANCIAL STATEMENTS

EDCTC financial statements are designed to provide readers with a broad overview of EDCTC's financial performance.

Governmental Activities Financial Statements

The Statement of Net Position found on page 12 summarizes all governmental activities

EL DORADO COUNTY TRANSPORTATION COMMISSION

Management's Discussion and Analysis June 30, 2022

for EDCTC and the Special Revenue Funds. The Net Position Deficit is due to the long-term pension liability. These liabilities are planned to be funded with future funding sources that have not been identified. The detail for EDCTC (General Fund) and the Special Revenue Funds is on page 14. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. EDCTC has four Special Revenue funds:

- 1) Surface Transportation Block Grant Program (STBGP) Exchange Funds programmed to the City of Placerville for the Clay Street/Cedar Ravine Intersection.
- 2) Local Transportation Fund (LTF) – One-quarter cent retail sales tax received monthly to be used to administer the Transportation Development Act, to provide transit services, pedestrian/bicycle facilities, and funding for streets and roads in El Dorado County.
- 3) State Transit Assistance (STA) Fund – Sales tax collected on diesel fuel received quarterly and allocated to El Dorado County Transit Authority.
- 4) State of Good Repair (SGR) Fund – A portion of the Transportation Improvement Fee included in SB1, the 2017 Road Repair and Accountability Act, allocated to transit operators for eligible transit maintenance, rehabilitation and capital projects.

The Statement of Revenues, Expenditures, and Changes in Fund Balances on page 16 reports information about EDCTC's activities.

Notes to the Financial Statements

The notes to the Financial Statements provide additional information that is essential to understand the data provided. These notes can be found on pages 19 through 36 of this report.

FINANCIAL ANALYSIS OF EDCTC

The Balance Sheet and Statement of Revenues, Expenses, and Changes in Fund Balances report information about EDCTC's financial activities and financial position. EDCTC's fund balance, which portrays the difference between assets and liabilities, is one way to measure financial performance. Changes to accounting and reporting methodology and requirements are impactful to the financial reporting found herein.

EL DORADO COUNTY TRANSPORTATION COMMISSION

Management’s Discussion and Analysis
June 30, 2022

Balance Sheet – General Fund

The following table compares the Balance Sheet for the General Fund at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>	<u>Increase/ (Decrease)</u>
<u>Assets</u>			
Cash and investments	\$ 448,808	\$ 443,690	\$ 5,118
Due from other governments	240,964	216,213	24,751
Due from other funds	-	-	-
Prepaid expenses and other assets	3,915	3,915	-
Total Current Assets	<u>\$ 693,687</u>	<u>\$ 663,818</u>	<u>\$ 29,869</u>
<u>Noncurrent Assets</u>			
Restricted Cash	-	2,493	(2,493)
Total Noncurrent Assets	<u>-</u>	<u>2,493</u>	<u>(2,493)</u>
Total Assets	<u>\$ 693,687</u>	<u>\$ 666,311</u>	<u>\$ 27,376</u>
<u>Liabilities</u>			
Current Liabilities	<u>\$ 341,313</u>	<u>\$ 368,856</u>	<u>\$ (27,543)</u>
Total Liabilities	<u>341,313</u>	<u>368,856</u>	<u>(27,543)</u>
<u>Fund Balance</u>			
Nonspendable	3,915	3,915	-
Unrestricted	348,459	293,540	54,919
Total Fund Balance	<u>352,374</u>	<u>297,455</u>	<u>54,919</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 693,687</u>	<u>\$ 666,311</u>	<u>\$ 27,376</u>

Current Assets – Due from other governments increased \$24,751 for fourth quarter grant reimbursements billed after the end of the fiscal year.

Current Liabilities – Current liabilities for the fiscal year ending June 30, 2022 decreased \$27,543 due to a decrease in the balance of unearned revenues.

EL DORADO COUNTY TRANSPORTATION COMMISSION

Management’s Discussion and Analysis
June 30, 2022

Statement of Revenues, Expenditures, and Changes in Fund Balance – General Fund

	<u>2022</u>	<u>2021</u>	<u>Increase/ (Decrease)</u>
<u>Revenues</u>			
State & Local Funds	\$ 1,106,093	\$ 1,004,369	\$ 101,724
Interest Income/Other	41,038	41,796	(758)
Total Revenues	<u>1,147,131</u>	<u>1,046,165</u>	<u>100,966</u>
<u>Expenditures</u>			
Salaries and Benefits	739,564	759,904	(20,340)
Professional Services	723,161	597,574	125,587
Administrative Expenses	68,884	112,653	(43,769)
Capital outlay, Principal and Interest	359,254	-	359,254
Total Expenditures	<u>1,890,863</u>	<u>1,470,131</u>	<u>420,732</u>
(Deficiency) Excess of Revenues over Expenditures	(743,732)	(423,966)	(319,766)
<u>Other Financing Sources</u>			
Transfers in	493,601	416,887	76,714
Proceeds from Lease	305,050	-	305,050
Total Other Financing Sources	<u>798,651</u>	<u>416,887</u>	<u>381,764</u>
Change in Fund Balance	54,919	(7,079)	61,998
Fund Balance, Beginning of Year	<u>297,455</u>	<u>304,534</u>	<u>(7,079)</u>
Fund Balance, End of Year	<u>\$ 352,374</u>	<u>\$ 297,455</u>	<u>\$ 54,919</u>

Revenues – The State and Local Funds increased \$101,724 due to the State Route 49 American River Confluence Study. Most of the professional services work on this Study was completed during this fiscal year and reimbursed by the State Highway Account grant.

Expenditures –. Most of the professional services work on the State Route 49 American River Confluence Study was completed during FY 2021/2022.

Capital outlay, principal and interest– Government Accounting Standards Board (GASB) statement 87 is a new reporting requirement for governments’ lease costs. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, thereby enhancing the relevance and consistency of information about governments’ leasing activities.

Transfers in – The Transfers in represents the Commission’s Local Transportation Fund allocation for planning and administration.

EL DORADO COUNTY TRANSPORTATION COMMISSION

Management's Discussion and Analysis
June 30, 2022

SPECIAL REVENUE FUNDS

The Surface Transportation Block Grant Program (STBGP) Fund Balance of \$202,812 is programmed to the City of Placerville's Cedar Ravine Intersection project.

Refer to the separate financial statements for management's discussion and analysis on the LTF, STA and SGR Special Revenue Funds.

OVERALL WORK PROGRAM AND BUDGET

EDCTC considered many factors when developing the FY 2021/2022 budget. Considerations included funding from federal and state grants, Rural Planning Assistance Funds (RPA), State Transportation Improvement Program, Planning, Programming, and Monitoring (PPM) Funds, and the Transportation Development Act (TDA) Local Transportation Fund (LTF) apportionment. EDCTC relies primarily on federal and state grants, local programs, RPA, PPM and LTF to fund its activities. LTF funds are derived from a portion of state sales tax dollars and are allocated to EDCTC to be utilized for planning and administrative services. RPA funds are allocated to the rural Regional Transportation Planning Agencies (RTPA) and may only be used for specific planning and administrative activities within the RTPA. PPM funds are State funds that must be used for planning, programming, and monitoring activities within two years of the allocation.

The overall work program includes work elements that are grant funded. Each year, EDCTC applies for grant funding through the State of California Department of Transportation. The FY 2021/2022 OWP included five grant funded projects:

- 1) El Dorado Hills Business Park Community Transportation Plan – FY 2018/2019 FHWA State Planning & Research Part I Grant
- 2) 50 Corridor System User Analysis, Investment Strategy and Access Control Action Plan – FY 2020/2021 FHWA State Planning & Research Part I Strategic Partnerships Grant
- 3) El Dorado County Transit Authority Zero Emission Bus Fleet Conversion Plan – FY 2020/2021 Road Maintenance and Rehabilitation Account Sustainable Communities Technical Grant
- 4) State Route (SR) 49 American River Confluence Study – FY 2020/2021 State Highway Account Grant
- 5) Greater Placerville Wildfire Evacuation Preparedness, Community Safety and Resiliency Plan - FY 2021/2022 State Highway Account Grant

BUDGET (FINAL, AS AMENDED) VERSUS ACTUAL

In May 2021, EDCTC adopted the FY 2021/2022 Overall Work Program and Budget (OWP) with a budget for operating expenses of \$1,789,400. EDCTC's OWP was revised during the year to reflect adjustments based on final prior fiscal year-end adjustments,

EL DORADO COUNTY TRANSPORTATION COMMISSION

Management’s Discussion and Analysis June 30, 2022

additions of awarded grant funding, and revisions to the work plan. The final amendment to the FY 2021/2022 OWP was adopted in April 2022. The budget comparison and analysis is presented below:

	2021/2022 Budget Final	2021/2022 Amend. 1	2021/2022 Amend. 2	Difference between Final and Amend. 2
Operating Revenues				
TDA	\$ 493,601	\$ 493,601	\$ 493,601	\$ -
Other State and Federal	1,292,027	1,562,120	1,594,624	\$ 302,597
Other Local Funds	40,000	56,374	42,629	2,629
Total Operating Revenues	\$ 1,825,628	\$ 2,112,095	\$ 2,130,854	\$ 305,226
Operating Expenses				
Salaries and Benefits	\$ 744,006	\$ 744,270	\$ 744,071	\$ 65
Professional Services	914,532	1,195,143	1,202,243	287,711
Administrative Expenses	130,862	172,682	148,002	17,140
Total Operating Expenses	\$ 1,789,400	\$ 2,112,095	\$ 2,094,316	\$ 304,916

The Other State and Federal revenues increased from the Final Budget to Amendment 2 due to a new FY 2021/2022 State Highway Account grant funded project, the Greater Placerville Wildfire Evacuation Preparedness, Community Safety and Resiliency Plan.

Professional Services also increased because a consultant was hired to complete the Greater Placerville Wildfire Evacuation Preparedness, Community Safety and Resiliency Plan.

ECONOMIC CONDITIONS

For FY 2022/2023, it is expected that the majority of federal, state, and local fund sources will remain constant. Contingency Fund Reserves, comprised of carryover funding, available to supplement the work program and maintain a reserve to fund unexpected future costs and/or unanticipated revenue shortfalls, will be programmed in FY 2022/2023.

EDCTC will continue employing sound fiscal management, financial planning, investment management, budgeting, and internal financial controls. EDCTC considers these priorities to be an integral responsibility of the agency.

EL DORADO COUNTY TRANSPORTATION COMMISSION

Management's Discussion and Analysis
June 30, 2022

EL DORADO COUNTY TRANSPORTATION COMMISSION SCORECARD TRENDING

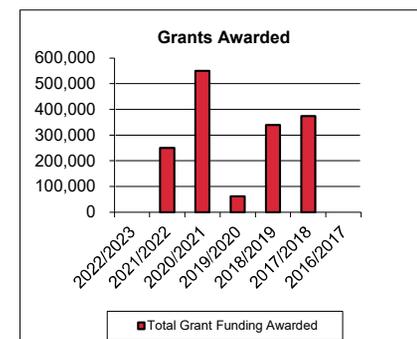
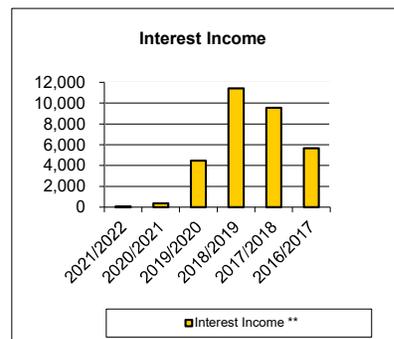
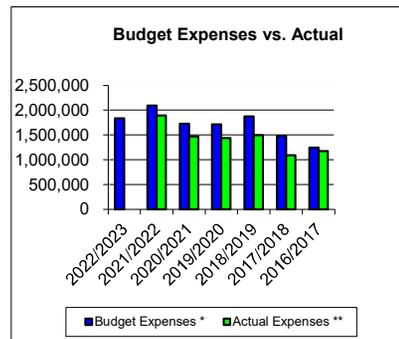
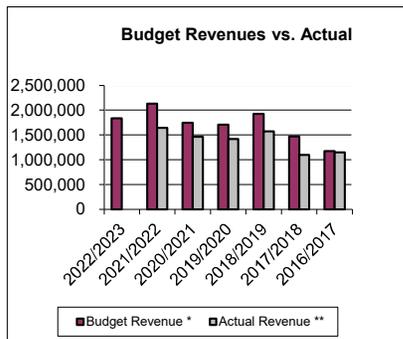
Refer to the attached scorecard trending report on page 11 which reflects the historical financial activity of the EDCTC for the actual FY 2016/2017 to budget FY 2022/2023.

REQUEST FOR INFORMATION

This financial report is designed to provide the reader with a general overview of EDCTC's finances and to demonstrate EDCTC's accountability for funds it receives. If you have questions about this report or need additional financial information, please contact the Administrative Services Officer, El Dorado County Transportation Commission, 2828 Easy Street, Suite 1, Placerville, California 95667.

**EL DORADO COUNTY TRANSPORTATION COMMISSION
SCORECARD TRENDING**

* Per OWP	2022/2023	2021/2022	2020/2021	2019/2020	2018/2019	2017/2018	2016/2017
** Per Financial Statements	BUDGET	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL
<i>Does not include amounts for Contingency</i>							
Budget Revenue *	1,837,908	2,130,854	1,743,608	1,708,365	1,924,065	1,470,480	1,171,308
Actual Revenue **	0	1,640,732	1,463,052	1,421,244	1,571,979	1,099,273	1,147,143
Budget vs. Actual Revenue		(490,122)	(280,556)	(287,121)	(352,086)	(371,207)	(24,165)
% Revenue vs. Budget		-23.0%	-16.1%	-16.8%	-18.3%	-25.2%	-2.1%
Budget Expenses *	1,837,908	2,094,316	1,728,604	1,713,990	1,875,258	1,484,567	1,245,768
Actual Expenses **	0	1,890,863	1,470,131	1,434,684	1,492,829	1,091,239	1,176,099
Budget vs. Actual Expenses		(203,453)	(258,473)	(279,306)	(382,429)	(393,328)	(69,669)
% Expenses vs. Budget		-9.7%	-15.0%	-16.3%	-20.4%	-26.5%	-5.6%
Current Year Assets **	0	693,687	666,311	762,059	829,016	746,226	690,145
Prior Year Assets **	0	666,311	762,059	829,016	746,226	690,145	896,944
Assets Gain/Losses	0	27,376	(95,748)	(66,957)	82,790	56,081	(206,799)
% Change in Assets	0.0%	3.9%	-14.4%	-8.8%	10.0%	7.5%	-30.0%
Current Year Liabilities **	0	341,313	368,856	457,525	511,042	507,402	459,355
Prior Year Liabilities **	0	368,856	457,525	511,042	507,402	459,355	637,198
Liabilities Gain/Losses	0	(27,543)	(88,669)	(53,517)	3,640	48,047	(177,843)
% Change in Liabilities	0.0%	-8.1%	-24.0%	-11.7%	0.7%	9.5%	-38.7%
Interest Income **	0	71	370	4,459	11,411	9,551	5,681
Total Investments/Interest	0	71	370	4,459	11,411	9,551	5,681
Grants Awarded:							
Community Based Transp Planning	0	0	0	0	0	0	0
SB1 - Road Maint/Rehab Acct (RMRA)	0	0	180,000	0	0	0	0
FHWA/FTA 5304	0	0	0	0	150,000	100,000	0
FHWA State Planning & Research	0	0	185,040	0	144,000	0	0
Partnership Planning	0	0	0	0	0	0	0
Sustainable Communities	0	0	0	0	0	0	0
SB1 - Sustainable Communities	0	0	0	0	0	230,003	0
State Highway Account (SHA)	0	250,000	175,000	30,000	0	0	0
Active Transportation Program	0	0	0	0	0	0	0
Rural Planning Assistance Grants	0	0	10,000	32,000	45,000	43,645	0
Total Grant Funding Awarded	0	250,000	550,040	62,000	339,000	373,648	0



EL DORADO COUNTY TRANSPORTATION COMMISSION

STATEMENT OF NET POSITION

June 30, 2022

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and investments	\$ 448,808
Due from other governments	2,014,966
Prepaid expenses and other assets	3,915
Total Current Assets	<u>2,467,689</u>
Noncurrent Assets:	
Restricted cash and investments	4,242,755
Capital assets being depreciated/amortized, net	264,908
Total Noncurrent Assets	<u>4,507,663</u>
TOTAL ASSETS	<u>6,975,352</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension plan	136,509
Other postemployment benefits plan	17,735
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>154,244</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	57,168
Accrued payroll taxes and benefits	9,477
Unearned revenues	247,937
Contract retentions payable	26,731
Allocations payable to other governments	1,267,891
Compensated absences, due within one year	90,885
Lease liability, due within one year	36,515
Total Current Liabilities	<u>1,736,604</u>
Noncurrent Liabilities:	
Compensated absences, due in more than one year	60,589
Lease liability, due in more than one year	232,713
Net pension liability, due in more than one year	153,852
Net other postemployment benefits liability, due in more than one year	10,946
Total Noncurrent Liabilities	<u>458,100</u>
TOTAL LIABILITIES	<u>2,194,704</u>
DEFERRED INFLOWS OF RESOURCES	
Pension plan	142,933
Other postemployment benefits plan	3,835
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>146,768</u>
NET POSITION	
Investment in capital assets	(4,320)
Restricted	4,748,866
Unrestricted	43,578
TOTAL NET POSITION	<u>\$ 4,788,124</u>

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

EL DORADO COUNTY TRANSPORTATION COMMISSION

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2022

	<u>Governmental Activities</u>
PROGRAM EXPENSES	
Planning and administration	\$ 1,475,903
Transportation claimants	<u>8,651,028</u>
TOTAL PROGRAM EXPENSES	10,126,931
PROGRAM REVENUES	
Operating grants and contributions	<u>1,958,074</u>
NET PROGRAM EXPENSE	(8,168,857)
GENERAL REVENUES	
State shared revenue - sales tax	8,837,167
Interest income	15,662
Other revenues	<u>82,096</u>
TOTAL GENERAL REVENUES	<u>8,934,925</u>
CHANGE IN NET POSITION	766,068
Net position, beginning of year	<u>4,022,056</u>
NET POSITION, END OF YEAR	<u><u>\$ 4,788,124</u></u>

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

EL DORADO COUNTY TRANSPORTATION COMMISSION

BALANCE SHEETS - GOVERNMENTAL FUNDS

June 30, 2022

	General	Major Special Revenue Funds				Total Governmental Funds
	Fund	Surface Transportation Block Grant Program Fund	Local Transportation Fund	State Transit Assistance Fund	State of Good Repair Fund	
	Planning and Administration					
ASSETS						
Current Assets:						
Cash and investments	\$ 448,808					\$ 448,808
Due from other governments	240,964		\$ 1,250,819	\$ 477,018	\$ 46,165	2,014,966
Prepaid costs and other assets	3,915					3,915
Total Current Assets	<u>693,687</u>		<u>1,250,819</u>	<u>477,018</u>	<u>46,165</u>	<u>2,467,689</u>
Noncurrent Assets:						
Restricted cash and investments		\$ 202,812	3,810,647	119	229,177	4,242,755
Total Noncurrent Assets		<u>202,812</u>	<u>3,810,647</u>	<u>119</u>	<u>229,177</u>	<u>4,242,755</u>
TOTAL ASSETS	<u>\$ 693,687</u>	<u>\$ 202,812</u>	<u>\$ 5,061,466</u>	<u>\$ 477,137</u>	<u>\$ 275,342</u>	<u>\$ 6,710,444</u>
LIABILITIES						
Current Liabilities:						
Accounts payable	\$ 57,168					\$ 57,168
Accrued payroll taxes and benefits	9,477					9,477
Unearned revenues	247,937					247,937
Contract retentions payable	26,731					26,731
Allocations payable to other governments			\$ 515,412	\$ 477,137	\$ 275,342	1,267,891
TOTAL CURRENT LIABILITIES	<u>341,313</u>		<u>515,412</u>	<u>477,137</u>	<u>275,342</u>	<u>1,609,204</u>
FUND BALANCE						
Nonspendable	3,915					3,915
Restricted for:						
Pedestrian and bikeway projects			256,745			256,745
Transportation projects		\$ 202,812	3,789,309			3,992,121
Contingencies			500,000			500,000
Unrestricted	348,459					348,459
TOTAL FUND BALANCE	<u>352,374</u>	<u>202,812</u>	<u>4,546,054</u>			<u>5,101,240</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 693,687</u>	<u>\$ 202,812</u>	<u>\$ 5,061,466</u>	<u>\$ 477,137</u>	<u>\$ 275,342</u>	<u>\$ 6,710,444</u>

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

EL DORADO COUNTY TRANSPORTATION COMMISSION

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEETS
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

June 30, 2022

Fund balance - governmental funds, June 30, 2021	\$ 5,101,240
Amounts reported for governmental activities in the statement of net position are different from those reported in the governmental funds above because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	3,437
Lease liability, and related right of use asset, is not due and payable in the current period and therefore are not reported in the fund statements.	
Right of use asset	261,471
Lease liability	(269,228)
Pension and OPEB contributions subsequent to the valuation measurement date and other items will reduce the pension and OPEB liability in the future and are reported as deferred outflows of resources on the statement of net position.	
Pension plan	136,509
OPEB plan	17,735
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Compensated absences	(151,474)
Net pension liability	(153,852)
Net other postemployment benefits liability	(10,946)
Employee pension and OPEB differences to be recognized in the future as pension and OPEB expense are reported as deferred inflows of resources on the statement of net position.	
Pension plan	(142,933)
OPEB plan	(3,835)
Net position - governmental activities, June 30, 2022	<u>\$ 4,788,124</u>

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

EL DORADO COUNTY TRANSPORTATION COMMISSION

STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended June 30, 2022

	General Fund	Major Special Revenue Funds				Total Governmental Funds
	Planning and Administration	Surface Transportation Block Grant Program Fund	Local Transportation Fund	State Transit Assistance Fund	State of Good Repair Fund	
REVENUES:						
Sales taxes			\$ 6,883,401	\$ 1,679,234	\$ 274,532	\$ 8,837,167
State subvention allocation	\$ 346,601					346,601
State transportation improvement program	78,000					78,000
Freeway Service Patrol Income	175,984					175,984
Surface Transportation Block Grant Allocation	150,547					150,547
Other intergovernmental revenues	313,832					313,832
Rural Counties Task Force dues	41,129					41,129
Interest income	71		14,507	274	810	15,662
Other	40,967					40,967
Surface Transportation Block Grant Program		\$ 893,110				893,110
TOTAL REVENUES	1,147,131	893,110	6,897,908	1,679,508	275,342	10,892,999
EXPENDITURES:						
Salaries and benefits	739,564					739,564
Professional services	571,316					571,316
Rents, leases and building maintenance	13,315					13,315
Freeway Service Patrol	151,845					151,845
Office and other operating	21,208					21,208
Memberships and publication	5,883					5,883
Local mileage and travel	1,660					1,660
Staff development	4,346					4,346
Communications	14,745					14,745
Insurance	7,727					7,727
Transportation services			5,566,463	1,679,525	275,342	7,521,330
Road maintenance		893,110				893,110
Pedestrian and bicycle projects			227,000			227,000
Planning and administration			9,588			9,588
Capital outlay	305,050					305,050
Debt service						
Principal	35,822					35,822
Interest and other charges	18,382					18,382
TOTAL EXPENDITURES	1,890,863	893,110	5,803,051	1,679,525	275,342	10,182,637
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES	(743,732)		1,094,857	(17)		710,362
OTHER FINANCING SOURCES (USES)						
Transfers in	493,601					493,601
Transfers out			(493,601)			(493,601)
Proceeds from lease	305,050					305,050
TOTAL OTHER FINANCING SOURCES (USES)	798,651		(493,601)			305,050
NET CHANGE IN FUND BALANCE	54,919		601,256	(17)		656,158
Fund balance, beginning of year	297,455	202,812	3,944,798	17		4,445,082
FUND BALANCE, END OF YEAR	\$ 352,374	\$ 202,812	\$ 4,546,054	\$ -	\$ -	\$ 5,101,240

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

EL DORADO COUNTY TRANSPORTATION COMMISSION

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2022

Net change in fund balance - governmental funds	\$ 656,158
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Depreciation expense	(5,041)
Capital outlay and lease proceeds are reported in governmental funds. Lease payments reduce long-term liabilities in the statement of net position. Right of use asset is recorded in the statement of activities and is allocated over the life of the lease as amortization expense.	
Proceeds from leased asset	305,050
Capital outlay for right of use asset	(305,050)
Amortization - right of use asset	(43,579)
Principal payments on lease liability	35,822
Changes in certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Change in compensated absences liability	(12,705)
Change in net pension liability and related deferred inflows and outflows	149,240
Change in net other postemployment benefits liability and related deferred inflows and outflows	<u>(13,827)</u>
Change in net position - governmental activities	<u><u>\$ 766,068</u></u>

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

EL DORADO COUNTY TRANSPORTATION COMMISSION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES:				
State subvention allocation	\$ 347,000	\$ 346,601	\$ 346,601	\$ -
State transportation improvement program	78,000	78,000	78,000	
Freeway Service Patrol Income	200,046	180,211	175,984	(4,227)
Surface Transportation Block Grant Allocation	174,581	169,896	150,547	(19,349)
Other intergovernmental revenues	492,400	819,916	313,832	(506,084)
Rural Counties Task Force dues	38,500	41,129	41,129	
Interest income			71	71
Other	1,500	1,500	40,967	39,467
TOTAL REVENUES	1,332,027	1,637,253	1,147,131	(490,122)
EXPENDITURES:				
Salaries and benefits	744,006	744,071	739,564	4,507
Professional services	758,532	1,046,243	571,316	474,927
Freeway Service Patrol	156,000	156,000	151,845	4,155
Leases and building maintenance	67,687	67,687	13,315	54,372
Office and other operating	22,635	33,525	21,208	12,317
Memberships and publication	8,280	7,980	5,883	2,097
Local mileage and travel (staff and Commissioners)	3,750	8,300	1,660	6,640
Staff development	7,400	7,400	4,346	3,054
Communications	12,760	15,160	14,745	415
Insurance	8,350	7,950	7,727	223
Capital outlay			305,050	(305,050)
Debt Service:				
Principal			35,822	(35,822)
Interest and other charges			18,382	(18,382)
TOTAL EXPENDITURES	1,789,400	2,094,316	1,890,863	203,453
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES	(457,373)	(457,063)	(743,732)	(286,669)
OTHER FINANCING SOURCES				
Transfers in	493,601	493,601	493,601	
Proceeds from leased assets			305,050	(305,050)
TOTAL OTHER FINANCING SOURCES	493,601	493,601	798,651	(305,050)
NET CHANGE IN FUND BALANCE	36,228	36,538	54,919	18,381
Fund balance, beginning of year	297,455	297,455	297,455	
FUND BALANCE, END OF YEAR	\$ 333,683	\$ 333,993	\$ 352,374	\$ 18,381

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

EL DORADO COUNTY TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the El Dorado County Transportation Commission (Commission) have been prepared in conformity with generally accepted accounting principles 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 more significant of the Commission's accounting policies are described below.

Description of Reporting Entity: The Commission was created pursuant to Section 29532(b) of the Government Code as a local transportation commission for the western slope of El Dorado County, excluding the portion of the County within the Tahoe Regional Planning Agency boundaries, on July 23, 1975. A Joint Exercise of Powers Agreement was signed between El Dorado County and the City of Placerville whereby the Commission would operate as a Joint Powers Agency pursuant to Section 6500 of the California Government Code and would be administratively separated from the County. The Commission's operations were separated from El Dorado County on January 1, 1994. The Commission's responsibilities include establishing rules and regulations to provide for administering transportation planning and allocating the Local Transportation Fund, State Transit Assistance Fund and State of Good Repair Fund in accordance with the applicable sections of the Government Code, Public Utilities Code and Administrative Code included within the Transportation Development Act. The Commission is also responsible for administering the regional transportation planning process, updating the Regional Transportation Plan and the Regional Transportation Improvement Program, working with the Sacramento Area Council of Governments to determine air quality conformity of transportation plans, programs and projects, administering the Freeway Service Patrol program and administering the Airport Land Use Commission of El Dorado County (the ALUC).

The Commission is composed of nine members: four appointed by the El Dorado County Board of Supervisors, three appointed by the City Council of Placerville, and two non-voting ex-officio members, one from the City of South Lake Tahoe and one from Caltrans.

The Commission has one blended component unit, the ALUC. The ALUC provides technical and advisory support on airport land use planning issues for the existing local County of El Dorado airport facilities. The ALUC is reported on a blended basis due to the governing body of the Commission serving as the governing body of the ALUC and the Commission being able to impose its will on the ALUC. The ALUC had no significant activity during the year ended June 30, 2022.

Basis of Presentation - Government-wide Financial Statements: The government-wide financial statements (i.e., the statement of net position and statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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 when a liability is incurred, regardless of the timing of related cash flows. Nonexchange revenues are

EL DORADO COUNTY TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

recognized when all eligibility requirements have been met. Cost reimbursement grant revenues are recognized when program expenses are incurred in accordance with program guidelines. When nonexchange revenues are received before eligibility requirements are met, they are reported as unearned revenue until earned. Sales tax revenue is recorded 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.

Basis of Presentation – Fund Financial Statements: The accounts of the Commission are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Each fund is established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions, or limitations. Major individual governmental funds are reported as separate columns in the fund financial statements. The Commission considers all of its Special Revenue Funds to be major funds.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers grant revenues to be available if they are collected within 180 days of the end of the current fiscal period. All other revenues are considered to be available if they are collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual basis accounting, except for compensated absences and termination benefits, which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

The Commission reports the following major governmental funds:

General Fund – The General Fund (Planning and Administration) is the general operating fund of the Commission and accounts for revenues collected to provide services and finance the fundamental operations of the Commission. The fund is charged with all costs of operations not reported in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. In its capacity as a Regional Transportation Planning Agency, the Commission is responsible for the administration of several special revenue funds which provide funding for transportation planning, transit operations, pedestrian and bicycle facilities and street and roads maintenance and improvements. The following Special Revenue Funds are considered to be major funds:

Surface Transportation Block Grant Program Fund: The Surface Transportation Block Grant Program Fund represents an apportionment under the Federal Transportation Bill whereby the Commission allocates funds to agencies for projects included in the adopted Federal Statewide Transportation Improvement Program.

Local Transportation Fund: The Local Transportation Fund represents revenues generated from a ¼ cent sales tax imposed by the State of California pursuant to the Transportation Development Act. Agencies file claims with the Commission for the monies and allocations are made for planning, transit, pedestrian, bicycle, streets and roads purposes. The Commission reviews the claims, determines the agency's eligibility to receive funds, and, upon approval, allocates the funds to the agencies.

EL DORADO COUNTY TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

State Transit Assistance Fund: The State Transit Assistance (STA) Fund represents revenues earned based on a portion of the State gasoline tax. Agencies file claims with the Commission for the monies and allocations are made solely for transit related projects.

State of Good Repair Fund: The State of Good Repair (SGR) Fund represents revenue generated from a portion of the new Transportation Improvement Fee on vehicle registrations created by Senate Bill 1, the Road Repair and Accountability Act of 2017. The fee is provided by the Commission to eligible agencies under the SGR Program. 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.

Due from Other Governments: Due from other governments consists mainly of amounts due from state and federal agencies under grant agreements and other revenue sources. Management believes these amounts to be fully collectible and, accordingly, no allowance for doubtful accounts is required.

Capital Assets: Capital assets for governmental fund types of the Commission are not capitalized in the funds used to acquire or construct them. Capital acquisitions are reflected as expenditures in the governmental fund, and the related assets are reported in the government-wide financial statements at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. Capital assets are defined as assets with an initial cost of \$1,000 or more and an estimated useful life in excess of one year. Provision is made for depreciation by the straight-line method over the estimated useful lives of these individual assets, which range from three to ten years for office furniture and equipment and fifteen years for leasehold improvements. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Unearned Revenues: Unearned revenues arise when resources are received before the Commission has legal claim to them (i.e., when grant monies are received prior to the incurrence of qualifying expenses). Unearned revenues at June 30, 2022 in the General Fund mainly consisted of State Transportation Improvement Program (STIP) revenue and Surface Transportation Block Grant Program revenue received prior to the incurrence of qualifying expenses.

Compensated Absences: The Commission's personnel policy allows employees to accumulate earned but unused vacation and sick leave, which will be paid to employees upon separation from the Commission's service, subject to a vesting policy that ranges from 20% after five years of service up to 100% after 20 years of service and a maximum of 500 hours.

The cost of vacation and sick leave is recognized in the period earned by the employee in the government-wide statements. Amounts that are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations or retirements that are currently payable, are reported as expenditures and liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available financial resources represent a reconciling item between the fund and government-wide statements. No expenditure is reported in the governmental fund financial statements for these amounts.

Fund Balance: In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned and unassigned balances.

EL DORADO COUNTY TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nonspendable Funds – Fund balance should be reported as nonspendable when the amounts cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact. Nonspendable balances are not expected to be converted to cash within the next operating cycle, which include prepaid costs.

Restricted Funds – Fund balance should be reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The purpose of each restriction is listed on the face of the balance sheet.

Committed Funds – Fund balance should be reported as committed when the amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which is by resolution of the Commission. These amounts cannot be used for any other purpose unless the governing body modifies or removes the fund commitment.

Assigned Funds – Fund balance should be reported as assigned when the amounts are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned Funds – Unassigned fund balance is the residual classification of the Commission's funds and includes all spendable amounts that have not been restricted, committed, or assigned to specific purposes.

Net Position: The government-wide financial statements present net position. Net position is categorized as the net investment in capital assets, restricted, committed and unrestricted.

Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation reduces the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position of the Commission not restricted for any project or other purpose.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Commission considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Commission has provided otherwise in its commitment or assignment actions.

Deferred Outflows and Inflows of Resources: In addition to liabilities, the statement of net position reports separate sections for deferred outflows and deferred inflows of resources. *Deferred outflows of resources* represent a consumption of net position by the government that is applicable to a future reporting period. *Deferred inflows of resources* represent an acquisition of net position that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expense)

EL DORADO COUNTY TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

or an inflow of resources (revenue) until the earning process is complete. Deferred outflows and inflows of resources represent amounts deferred related to the Commission's pension and OPEB plan as described in Notes E and F.

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

Other Postemployment Benefits (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

Budgetary Information: The Commissioners approve all budgeted revenues and expenditures for the General Fund. The Commission does not legally adopt annual budgets for the Surface Transportation Block Grant Program Fund, Local Transportation Fund, State Transit Assistance and State of Good Repair Special Revenue Funds. Budgeted revenues and expenditures represent the original budget, as approved by the Commissioners, and the final budget, which includes modifications of the original budget through amendments approved by either the Executive Director or the Commissioners during the year. Amendments which alter total expenditures within the General Fund require approval of the Commissioners.

New Pronouncements: In April 2022, the GASB issued Statement No. 99, Omnibus 2022. This Statement enhances comparability in accounting and financial reporting and consistency in authoritative literature, including the classification and reporting of derivative instruments within the scope of Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument; clarification of provisions of Statement 87, Leases, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset and identification of lease incentives; clarification of provisions in Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis for State and Local Governments, related to the focus of the government-wide financial statements; terminology updates related to provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position; and terminology used in Statement No. 53 to refer to resource flows statements. The provisions of this Statement are effective immediately through periods beginning after June 15, 2023.

EL DORADO COUNTY TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In June 2022, the GASB issued Statement No. 101, Compensated Absences. This statement requires that liabilities for compensated absences be recognized for leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or paid in cash or settled through noncash means and leave that has been used but not paid in cash or settled through noncash means. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in the liability for compensated absences. This Statement requires that a liability for certain types of compensated absences, including parental leave, military leave and jury duty leave, not be recognized until the leave commences. Certain salary related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. Governments are allowed to disclose the net change in the liability if identified as such in the footnotes to the financial statements. The provisions of this Statement are effective for years beginning after December 15, 2023.

The Commission is currently analyzing the impact of the required implementation of these new statements.

NOTE B – CASH AND INVESTMENTS

At June 30, 2022, the Commission’s pooled cash and investments are classified in the accompanying financial statements as follows:

Governmental Activities	
Cash and investments	\$ 448,808
Restricted cash and investments	<u>4,242,755</u>
Total cash and investments	<u>\$ 4,691,563</u>

The Commission’s cash and investments as of June 30, 2022 are as follows:

Petty cash	\$ 200
Bank deposits	651,420
County cash and investments pool	<u>4,039,943</u>
Total cash and investments	<u>\$ 4,691,563</u>

Investment Policy: California statutes, and the Joint Exercise of Powers Agreement establishing the Commission discussed in Note A, authorize governmental agencies to invest surplus funds in a variety of credit instruments as provided in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The Commission’s investment policy further limits its investments to bank deposits, including certificates of deposit, and investments in the Local Agency Investment Fund (LAIF).

EL DORADO COUNTY TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2022

NOTE B – CASH AND INVESTMENTS (Continued)

Investment in the County of El Dorado Cash and Investments Pool: A portion of the Commission's Special Revenue Funds cash and investments is invested in the County of El Dorado (the County) cash and investments pool, which is managed by the County Treasurer. On a monthly basis, the Treasurer allocates interest to participants based upon their average daily balances. Required disclosure information regarding categorization of investments and other deposit and investment risks applicable to the County's cash and investments pool may be found in the County's Comprehensive Annual Financial Report (CAFR). The County's CAFR may be obtained by contacting the County of El Dorado Auditor-Controller's Office at 360 Fair Lane, Placerville, CA.

The County's Treasury Oversight Committee oversees the Treasurer's investments and policies. The value of the pool shares in the County's cash and investments pool that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the Commission's position in the pool. Investments held in the County's cash and investments pool are available on demand, and without restrictions, 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, 2022, the weighted average maturity of the investment in the County's cash and investments pool was approximately 710 days.

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 for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of a failure of the counter party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Custodial credit risk does not apply to a local government's indirect deposits or investment in securities through the use of governmental investment pools (such as the County's cash and investments pool).

At June 30, 2022, the carrying amount of the Commission's deposits was \$651,420 and the balance in financial institutions was \$656,837. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance and \$406,837 was covered by the pledging financial institution with assets held in a common pool for the Commission and other governmental agencies, but not in the name of the Commission.

EL DORADO COUNTY TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2022

NOTE C – CAPITAL ASSETS

Capital asset activity consisted of the following for the year ended June 30, 2022:

	Restated Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022
Capital assets, being depreciated:				
Leasehold improvements	\$ 46,815			\$ 46,815
Office furniture and equipment	63,199		\$ (11,573)	51,626
Total capital assets, being depreciated	<u>110,014</u>	<u>-</u>	<u>(11,573)</u>	<u>98,441</u>
Intangible Right-to-Use assets:				
Leased building	305,050			305,050
Total capital assets, being depreciated/amort	<u>415,064</u>	<u>-</u>	<u>(11,573)</u>	<u>403,491</u>
Accumulated depreciation:				
Leasehold improvements	(43,432)	\$ (3,383)		(46,815)
Office furniture and equipment	(58,103)	(1,659)	11,573	(48,189)
Total accumulated depreciation	<u>(101,535)</u>	<u>(5,042)</u>	<u>11,573</u>	<u>(95,004)</u>
Accumulated amortization:				
Leased building		(43,579)		(43,579)
Total depreciation/amortization	<u>(101,535)</u>	<u>(48,621)</u>	<u>11,573</u>	<u>(138,583)</u>
Governmental activities capital assets, net	<u>\$ 313,529</u>	<u>\$ (48,621)</u>	<u>\$ -</u>	<u>\$ 264,908</u>

Depreciation and amortization expense was \$48,621 during the year ended June 30, 2022, and was allocated entirely to planning and administration.

NOTE D – LONG-TERM LIABILITIES

Long-term liability activity consisted of the following for the year ended June 30, 2022:

	Restated Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022	Current Portion
Compensated absences	\$ 138,770	\$ 93,796	\$ (81,092)	\$ 151,474	\$ 90,885
Lease liability	305,050		(35,822)	269,228	36,515
Net pension liability	452,953		(299,101)	153,852	
OPEB		10,946		10,946	
	<u>\$ 896,773</u>	<u>\$ 104,742</u>	<u>\$ (416,015)</u>	<u>\$ 585,500</u>	<u>\$ 127,400</u>

EL DORADO COUNTY TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2022

NOTE E – LEASE OBLIGATION

During the year ended June 30, 2022, the Commission implemented GASB Statement No. 87, *Leases*. This Statement requires recognition of lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

The Commission leases its administrative facility under a 2006 lease that has been extended through June 30, 2023 and contains the option to renew through June 30, 2028 at 2% increases in rent. For the purposes of discounting future payments on the lease, the Commission used a discount rate of 7%. The total amount of lease assets for the year ended June 30, 2022 was \$269,228, and related accumulated amortization was \$43,579. The intangible right of use asset is being amortized over 7 years, the remaining term of the lease, including option periods. Amortization expense was \$35,822 during the year ended June 30, 2022. Minimum lease payments over the remaining term of the lease include:

Fiscal year ending June 30,	<u>Principal</u>	<u>Interest</u>
2023	\$ 36,515	\$ 17,689
2024	40,282	15,014
2025	43,194	12,102
2026	46,317	8,979
2027	49,665	5,631
2028	53,255	2,041
	<u>\$ 269,228</u>	<u>\$ 61,456</u>

NOTE F – PENSION PLAN

Plan Description: All qualified permanent and probationary employees are eligible to participate in the Commission’s cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). The Commission participates in the Miscellaneous Risk Pool and the following rate plans:

- Miscellaneous Rate Plan
- PEPRA Miscellaneous Rate Plan

Benefit provisions under the Plan are established by State statute and Commission resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to Plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 (52 for PEPRA Miscellaneous Rate Plan) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the 1959 Survivor Benefit level 4, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

EL DORADO COUNTY TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2022

NOTE F – PENSION PLAN (Continued)

The Plan’s provisions and benefits in effect at June 30, 2022, are summarized as follows:

	PEPRA	
	Miscellaneous	Miscellaneous
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula (at full retirement)	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.43% to 2.42%	1.0% to 2.5%
Required employee contribution rate	7.00%	6.75%
Required employer contribution rate	10.88%	7.59%

In addition to the contribution rates above, the Commission was also required to make a payment of \$31,311 toward its unfunded actuarial liability during the year ended June 30, 2022. The Commission has one employee in the PEPRA Miscellaneous Rate Plan at June 30, 2022.

The Miscellaneous Rate Plan is closed to new members that are not already CalPERS participants.

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

The contributions for the Plan were \$84,873 for the year ended June 30, 2022.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources: As of June 30, 2022, the Commission reported a net pension liability for its proportionate share of the net pension liability of \$153,852.

The Commission’s net pension liability is measured as the proportionate share of the net pension liability. The net pension liability as of June 30, 2022 is measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The Commission’s proportion of the net pension liability was based on a projection of the Commission’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

EL DORADO COUNTY TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2022

NOTE F – PENSION PLAN (Continued)

The Commission’s proportionate share of the net pension liability for the Plan as of June 30, 2022 and 2021 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2022	0.00810%
Proportion - June 30, 2021	<u>0.01074%</u>
Change - Increase (Decrease)	-0.00264%

For the year ended June 30, 2022, the Commission recognized a pension credit of \$64,367 for the Plan. At June 30, 2022, the Commission reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 84,873	
Differences between actual and expected experience	17,253	
Changes in assumptions		
Differences between the employer's contribution and the employer's proportionate share of contributions		(8,629)
Change in employer's proportion	34,383	
Net differences between projected and actual earnings on plan investments		<u>(134,304)</u>
Total	<u>\$ 136,509</u>	<u>\$ (142,933)</u>

The amount reported as deferred outflows of resources related to contributions subsequent to the measurement date above will be recognized as a reduction of the net pension liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	
2023	\$ (11,635)
2024	(17,082)
2025	(25,465)
2026	(37,115)
2027	
	<u>\$ (91,297)</u>

EL DORADO COUNTY TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2022

NOTE F – PENSION PLAN (Continued)

Actuarial Assumptions: The total pension liability in the actuarial valuation for the Plan was determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate (1)	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by age and service
Mortality	Derived using CalPERS Membership Data for all Funds

(1) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions were developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. More details can be found in the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Discount Rate: The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

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

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

EL DORADO COUNTY TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2022

NOTE F – PENSION PLAN (Continued)

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100.0%		

(a) An expected inflation of 2.0% used for this period.

(b) An expected inflation of 2.92% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the Commission’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Commission’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>
1% Decrease	6.15%
Net Pension Liability	\$ 497,842
Current Discount Rate	7.15%
Net Pension Liability	\$ 153,852
1% Increase	8.15%
Net Pension Liability	\$ (130,520)

Pension Plan Fiduciary Net Position: Detailed information about the Plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE G – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description: The Commission provides an agent-multiple employer defined benefit postemployment healthcare benefits plan (the Plan). Benefit provisions are established and may be amended by the Commission. Healthcare benefits are provided to eligible retirees and their dependents through the California Public Employees’ Retirement System healthcare program (PEMHCA). The Plan is administered by CalPERS through the California Public Employers’ Retiree Benefit Trust (CERBT) Fund. The CERBT is a tax-qualified irrevocable trust organized under Internal Revenue Code Section 115 to administer retiree healthcare benefits and collectively invest plan assets of all trust members. CERBT issues financial statements that may be obtained from the CalPERS website at www.calpers.ca.gov. The Commission’s Plan does not issue publicly available financial statements.

EL DORADO COUNTY TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2022

NOTE G – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Benefits Provided: The Commission provides a retiree medical contribution for employees who retire within 120 days of separation from the Commission under CalPERS at 55 years of age and after 5 years of service. The Commission’s contribution is capped at the CalPERS Minimum Employer Contribution, which was \$1,752 for fiscal year 2022. Retirees may enroll in Commission sponsored medical plans and may cover dependents. The benefit continues to surviving spouses and dependents. No other benefits are offered.

Employees Covered by Benefit Terms: At June 30, 2022, the benefit terms covered the following employees:

Inactive employees or beneficiaries currently receiving benefit payments:	1
Inactive employees entitled to but not yet receiving benefit payment:	2
Active employees	<u>5</u>
Total	<u><u>8</u></u>

Contributions: The Commission’s contributions to the plan are actuarially determined. Employees pay the difference between the benefit they receive and the monthly premium. During the year ended June 30, 2022, the Commission’s benefit payments were \$1,752 and the implied subsidy was \$2,548, resulting in total contributions of \$4,300.

Net OPEB Liability: The Commission’s net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions: The total OPEB liability at June 30, 2022 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.75% per year
Investment rate of return	5.85%
Discount rate	7.82%
Pre-retirement turnover	Derived using CalPERS membership data 6.0% for Pre-Medicare and 5.2% for Medicare in the first year, both trending down to 4.04% over 55 years
Healthcare trend rate	Derived using CalPERS membership data
Mortality rate	Derived using CalPERS membership data

Pre-retirement and post-retirement mortality rates include 20 years of projected on-going mortality improvement using scale BB published by the Society of Actuaries. The healthcare trend rates above are a change in assumptions from 6.5% trending down to 4.04% used at the June 30, 2021 measurement date. The discount rate was also changed from 7.84% to 7.82%.

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

EL DORADO COUNTY TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2022

NOTE G – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Global equity	57.0%	7.75%
Fixed income	27.0%	4.29%
Treasury inflation protection securities	5.0%	3.50%
Commodities	3.0%	2.84%
Real estate investment trusts	8.0%	5.75%
Total	100.0%	

Discount Rate: The discount rate used to measure the total OPEB liability was 7.82% at June 30, 2022. This is a change from the 7.84% rate used at June 30, 2021. This rate is the expected long-term rate of return on Commission assets using investment strategy 1 within the CERBT. The projection of cash flows used to determine the discount rate assumed that the Commission’s contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was set equal to the long-term expected rate of return.

	Changes in the Net OPEB Liability/(Asset)		
	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2021	\$ 112,321	\$ 138,187	\$ (25,866)
Changes for the year:			
Service cost	10,977		10,977
Interest	9,498		9,498
Net investment income		(18,329)	18,329
Differences between expected and actual experience	(927)		(927)
Changes in assumptions	281		281
Contributions			
Employer - Commission's contribution			-
Employer - implicit subsidy		2,548	(2,548)
Benefit payments, including refunds of employee contributions	(1,752)	(1,752)	-
Implicit rate subsidy credit	(2,548)	(2,548)	-
Administrative expenses		(67)	67
Other changes	-	(1,135)	1,135
Net changes	15,529	(21,283)	36,812
Balance at June 30, 2022	\$ 127,850	\$ 116,904	\$ 10,946

EL DORADO COUNTY TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2022

NOTE G – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The net OPEB liability (asset) of the Commission, as well as what the Commission’s net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher follows:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	6.82%	7.82%	8.82%
Net OPEB liability (asset)	\$ 26,162	\$ 10,946	\$ (2,161)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The net OPEB liability (asset) of the Commission, as well as what the Commission’s net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates follows:

	<u>1% Decrease</u>	<u>Trend Rates</u>	<u>1% Increase</u>
	5.00%	6.00%	7.00%
	decreasing to 3.04%	decreasing to 4.04%	decreasing to 5.04%
Net OPEB liability (asset)	\$ (7,270)	\$ 10,946	\$ 32,692

OPEB Plan Fiduciary Net Position: Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued CERBT financial report at www.calpers.ca.gov.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources: For the year ended June 30, 2022, the Commission recognized OPEB expense of \$16,375. At June 30, 2022, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience	\$ 3,715	\$ (1,183)
Changes in assumptions	4,795	(2,652)
Net differences between projected and actual earnings on plan investments	<u>9,225</u>	<u> </u>
Total	<u>\$ 17,735</u>	<u>\$ (3,835)</u>

EL DORADO COUNTY TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2022

NOTE G – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal year ending June 30,	
2023	\$ 2,614
2024	3,364
2025	2,480
2026	5,788
2027	(346)
Thereafter	<u>-</u>
	<u>\$ 13,900</u>

Recognition of Deferred Outflows and Deferred Inflows of Resources: Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss. The net difference between projected and actual earnings on OPEB plan investments is recognized over 5 years. All other amounts are recognized over the expected average remaining service lifetime (EARSLS), which was 5.5 years at June 30, 2022.

NOTE H – INTERFUND TRANSFERS

Interfund transfers are used to move revenues from a fund that is required by statute to receive them to a fund that statute or budget requires to expend them. During the fiscal year, the Local Transportation Fund transferred \$493,601 to the Planning Administration Fund as part of the annual allocation of local transportation funds to support transportation planning and Transportation Development Act administration.

NOTE I – CONTINGENCIES

Grant Contingency: The Commission receives grant funding for specific purposes that are subject to review and audit by the granting agencies. Such audits could result in a request for reimbursement for expenditures disallowed under the terms and conditions of the contracts. Management is of the opinion that no material liabilities will result from such potential audits.

Concentration: The Commission receives a significant amount of its General Fund revenues from LTF and state subvention funds. A loss of these revenue sources would have a significant impact on the Commission's activities.

EL DORADO COUNTY TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2022

NOTE K – RISK FINANCING

The Commission is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage from coverage in the prior year.

REQUIRED SUPPLEMENTARY INFORMATION

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EL DORADO COUNTY TRANSPORTATION COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2022

SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - MISCELLANEOUS PLAN (UNAUDITED)
Last Ten Fiscal Years

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Proportion of the net pension liability	0.01074%	0.01074%	0.01018%	0.00972%	0.00976%	0.00925%	0.00912%	0.01026%
Proportionate share of the net pension liability	\$ 153,852	\$ 452,953	\$ 407,671	\$ 366,155	\$ 384,784	\$ 321,218	\$ 250,082	\$ 253,597
Covered payroll - measurement period	\$ 504,064	\$ 498,274	\$ 496,150	\$ 457,543	\$ 511,113	\$ 559,191	\$ 515,549	\$ 502,039
Proportionate share of the net pension liability as a percentage of covered payroll	30.52%	90.90%	82.17%	80.03%	75.28%	57.44%	48.51%	50.51%
Plan fiduciary net position as a percentage of the total pension liability	94.09%	81.24%	81.48%	81.58%	78.49%	78.11%	78.40%	79.82%

Notes to Schedule:

Reporting valuation date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Reporting measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014 as they have minimal cost impact.

Changes in assumptions: The discount rate was changed from 7.50% in 2015, to 7.65% in 2016 and 2017, and 7.15% in the 2018 valuations.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN - MISCELLANEOUS PLAN (UNAUDITED)
Last 10 Years

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	\$ 84,873	\$ 89,267	\$ 81,444	\$ 72,053	\$ 61,314	\$ 62,891	\$ 63,092	\$ 68,475
Contributions in relation to the actuarially determined contributions	(84,873)	(89,267)	(81,444)	(72,053)	(61,314)	(62,891)	(63,092)	(68,475)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll - fiscal year	\$ 505,635	\$ 504,064	\$ 498,274	\$ 496,150	\$ 457,543	\$ 511,113	\$ 559,191	\$ 515,549
Contributions as a percentage of covered - employee payroll	16.79%	17.71%	16.35%	14.52%	13.40%	12.30%	11.28%	13.28%

Notes to Schedule:

Contribution valuation date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
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Methods and assumptions used to determine contribution rates:

Actuarial method					Entry age normal			
Amortization method					Level percentage of payroll, closed			
Remaining amortization period					Varies by rate plan, not more than 30 years			
Asset valuation method					Market Value			
Discount rate	7.00%	7.00%	7.25%	7.375%	7.50%	7.50%	7.50%	7.50% ⁽¹⁾
Inflation	2.500%	2.500%	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Payroll growth	2.750%	2.750%	2.875%	3.00%	3.00%	3.00%	3.00%	3.00%
Salary increases					Varies by entry age and service			
Retirement age					50-67 years. Probabilities of retirement are based on the most recent CalPERS Experience Study.			
Mortality					Most recent CalPERS Experience Study			

⁽¹⁾ Net of administrative expenses, includes inflation.

Omitted years: Since GASB Statement No. 68 was implemented during the year ended June 30, 2015, no information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

EL DORADO COUNTY TRANSPORTATION COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2022

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)
Last Ten Fiscal Years

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 10,977	\$ 10,675	\$ 10,671	\$ 9,098	\$ 8,833
Interest	9,498	7,574	6,458	5,384	3,482
Differences between expected and actual experience	(927)	2,414	(698)	4,539	
Changes in assumptions	281	7,176	(2,471)	(2,388)	
Benefit payments	(1,752)	(1,136)			(537)
Implied subsidy credit	(2,548)	(2,241)	(1,026)	(2,821)	(1,354)
Net change in total OPEB liability (asset)	15,529	24,462	12,934	13,812	10,424
Total OPEB liability - beginning	112,321	87,859	74,925	61,113	50,689
Total OPEB liability - ending (a)	\$ 127,850	\$ 112,321	\$ 87,859	\$ 74,925	\$ 61,113
Plan fiduciary net position					
Net investment income	\$ (18,329)	\$ 29,788	\$ 3,707	\$ 10,860	\$ 6,167
Contributions					
Employer - Commission's contribution		1,136			
Employer - implicit subsidy	2,548	2,241	1,026		
Benefit payments	(1,752)	(1,136)			(537)
Implicit rate subsidy credit	(2,548)	(2,241)	(1,026)		
Administrative expense	(67)	(44)	(52)	(49)	(39)
Other	(1,135)			14,330	
Net change in plan fiduciary net position	(21,283)	29,744	3,655	25,141	5,591
Plan fiduciary net position - beginning of year	138,187	108,443	104,788	79,647	74,056
Plan fiduciary net position - end of year (b)	\$ 116,904	\$ 138,187	\$ 108,443	\$ 104,788	\$ 79,647
Net OPEB liability (asset) - end of year = (a)-(b)	\$ 10,946	\$ (25,866)	\$ (20,584)	\$ (29,863)	\$ (18,534)
Plan fiduciary net position as a percentage of the total OPEB liability	91.44%	123.03%	123.43%	139.86%	130.33%
Covered-employee payroll - measurement period	\$ 506,588	\$ 487,238	\$ 509,794	\$ 496,150	\$ 511,113
Net OPEB asset as percentage of covered payroll	2.16%	-5.31%	-4.04%	-6.02%	-3.63%
Notes to Schedule:					
Valuation date	June 30, 2021	June 30, 2021	June 30, 2019	June 30, 2019	July 1, 2017
Measurement period - fiscal year ended	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2017
Changes in assumptions: Discount rate changes.	7.82%	7.84%	7.82%	7.59%	7.00%

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

EL DORADO COUNTY TRANSPORTATION COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2022

SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN (UNAUDITED)
Last Ten Fiscal Years

	2022	2021	2020	2019	2018
Actuarially determined contribution - employer fiscal year	\$ 9,194	\$ 11,510	\$ 1,026	\$ 2,821	\$ 1,354
Contributions in relation to the actuarially determined contributions	(2,548)	(3,377)	(1,026)	(2,821)	(1,354)
Contribution deficiency (excess)	\$ 6,646	\$ 8,133	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 506,588	\$ 487,238	\$ 509,794	\$ 496,150	\$ 511,113
Contributions as a percentage of covered payroll	0.50%	0.69%	0.20%	0.57%	0.26%

Notes to Schedule:

Valuation date	June 30, 2021	June 30, 2021	June 30, 2019	June 30, 2019	June 30, 2017
Measurement date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	July 1, 2017

Methods and assumptions used to determine contribution rates:

	Entry-age normal cost Level percentage of payroll				
	20	20	18	19	20
Actuarial cost method				Market value	
Amortization method					
Amortization period	20	20	18	19	20
Asset valuation method				Market value	
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%
Healthcare cost trend rates:					
Initial rate	6.50%	6.50%	6.50%	7.00%	7.00%
Rate trending down to	4.04%	4.04%	3.84%	4.73%	3.94%
Payroll growth	2.75%	2.75%	2.75%	2.75%	3.00%
Discount rate	7.82%	7.84%	7.82%	7.59%	7.00%
Investment rate of return	5.85%	5.85%	7.82%	7.59%	7.00%
Mortality		Derived using CalPERS membership data			
Retirement age		Derived using CalPERS membership data			

SCHEDULE OF INVESTMENT RETURNS (UNAUDITED)

	2022	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expenses	-13.35%	27.47%	3.60%	11.56%	7.00%

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

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SUPPLEMENTARY INFORMATION

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EL DORADO COUNTY TRANSPORTATION COMMISSION

SCHEDULE OF INDIRECT AND DIRECT EXPENSES - ACCRUAL BASIS

For the Year Ended June 30, 2022

	<u>Direct Expenses</u>	<u>Indirect Expenses</u>	<u>Total Expenses</u>
Salaries and benefits:			
Salaries and wages	\$ 326,990	\$ 107,452	\$ 434,442
Fringe benefits	238,614	79,213	317,827
OPEB expense adjustment	13,827		13,827
Pension expense adjustment	(149,240)		(149,240)
Total salaries and benefits	<u>430,191</u>	<u>186,665</u>	<u>616,856</u>
Professional services:			
Planning	374,301		374,301
Sacramento Area Council of Governments	113,601		113,601
Freeway Service Patrol	151,845		151,845
Legal		11,092	11,092
Accounting		5,875	5,875
Independent auditor	18,800	16,000	34,800
Other	31,647		31,647
Total professional services	<u>690,194</u>	<u>32,967</u>	<u>723,161</u>
Rents, leases and building maintenance:			
Buildings		10,870	10,870
Equipment		2,445	2,445
Total rents and leases		<u>13,315</u>	<u>13,315</u>
Office and other operating:			
Office expenses - general	387	7,697	8,084
Maintenance - equipment		12,808	12,808
Postage		316	316
Total office and other operating	<u>387</u>	<u>20,821</u>	<u>21,208</u>
Memberships and publications:			
Memberships and dues	4,933	372	5,305
Publications and legal notices	237	341	578
Total memberships and publications	<u>5,170</u>	<u>713</u>	<u>5,883</u>
Other operating:			
Local mileage and travel	1,656	4	1,660
Depreciation and amortization		5,041	5,041
Lease asset amortization		43,579	43,579
Debt service interest payment		18,382	18,382
Staff development	4,346		4,346
Communications		14,745	14,745
Insurance		7,727	7,727
Total other operating	<u>6,002</u>	<u>89,478</u>	<u>95,480</u>
TOTAL OPERATING EXPENSES	<u>\$ 1,131,944</u>	<u>\$ 343,959</u>	<u>\$ 1,475,903</u>

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COMPLIANCE REPORTS

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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 TRANSPORTATION DEVELOPMENT ACT

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 governmental activities and each major fund of the El Dorado County Transportation Commission (the Commission) as of and for the year ended June 30, 2022, 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 14, 2022.

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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

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. 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 6661 and 6662 of the California Code of Regulations and other State regulations. The results of performing these tasks disclosed no instances of noncompliance with the applicable statutes, rules and regulations of the Transportation Development Act. 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*.

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 result of that testing, and not to provide an opinion on the effectiveness of the Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richardson & Company, LLP

November 14, 2022