CALAVERAS TRANSIT AGENCY

Audited Financial Statements
and Compliance Report

June 30, 2022

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and Compliance Report

June 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Calaveras Transit Agency
San Andreas, California

Opinion

We have audited the accompanying financial statements of the Calaveras Transit Agency (the Agency) for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financials statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency, as of June 30, 2022 and 2021, and the changes in financial position and the cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. 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 Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

In performing an audit in accordance with generally accepted auditing standards, 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 Agency'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 Agency'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

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Other Reporting Required by the TDA and Other State Program Guidelines

In accordance with the Transportation Development Act (TDA) and other state program guidelines, we have also issued out report dated December 1, 2022 on our consideration of the Agency' compliance with the TDA and other state program guidelines. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. That

To the Board of Directors
Calaveras Transit Agency

report is an integral part of an audit performed in accordance with the TDA and other state program guidelines in considering the Agency's compliance.

Richardson & Company, LLP

December 1, 2022

CALAVERAS TRANSIT AGENCY

STATEMENTS OF NET POSITION

June 30, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 970,118	$ 1,099,047
Due from other agencies	507,835	281,278
Accounts receivable	38,921	3,268
Prepaid expenses	19,200	
TOTAL CURRENT ASSETS	1,536,074	1,383,593
NONCURRENT ASSETS		
Restricted cash and cash equivalents - captial purchases	221,716	124,542
Deposits	2,800	13,800
Capital assets:		
Not being depreciated/amortized	11,873	74,057
Being depreciated/amortized, net	720,924	761,337
Total Capital Assets, Net	732,797	835,394
TOTAL NONCURRENT ASSETS	957,313	973,736
TOTAL ASSETS	$ 2,493,387	$ 2,357,329
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$ 176,627	$ 81,647
Lease lability - current portion	38,728	36,843
TOTAL CURRENT LIABILITIES	215,355	118,490
NONCURRENT LIABILITIES		
Lease lability - noncurrent portion	40,708	79,436
TOTAL NONCURRENT LIABILITIES	40,708	79,436
TOTAL LIABILITIES	256,063	197,926
NET POSITION		
Net investment in capital assets	653,361	719,115
Restricted for transit operations	1,362,247	1,315,746
Restricted for capital purchases	221,716	124,542
TOTAL NET POSITION	2,237,324	2,159,403
TOTAL LIABILITIES AND NET POSITION	$ 2,493,387	$ 2,357,329

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

CALAVERAS TRANSIT AGENCY

STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION

For the Years Ended June 30, 2022 and 2021

	2022	2021
OPERATING REVENUES		
Passenger fares	$ 19,571	$ 10,009
TOTAL OPERATING REVENUES	19,571	10,009
OPERATING EXPENSES		
Purchased transportation	888,980	825,305
Services and supplies:		
Fuel	175,172	89,326
Maintenance	65,981	41,493
Small tools and equipment	504	504
Professional services	30,637	19,846
Other	11,945	20,807
Calaveras Council of Governments administration	42,396	50,353
Depreciation and amortization	132,527	172,826
TOTAL OPERATING EXPENSES	1,348,142	1,220,460
NET LOSS FROM OPERATIONS	(1,328,571)	(1,210,451)
NONOPERATING REVENUES		
Local Transportation Fund	425,000	1,237,271
State Transit Assistance	314,672	396,043
Federal grants	474,152	588,599
Advertising and other revenues	36,817	34,968
Low Carbon Transit Operations Program (LCTOP)	19,953	30,624
Investment earnings (loss)	(11,764)	11,778
Interest expense - lease	(4,977)	(7,055)
Gain on disposal of capital assets	18,956	
TOTAL NONOPERATING REVENUES	1,272,809	2,292,228
NET (LOSS) INCOME BEFORE CAPITAL CONTRIBUTIONS	(55,762)	1,081,777
CAPITAL CONTRIBUTIONS		
Capital contributions - Local Transportation Fund	100,000	
Capital contributions - PTMISEA	33,683	10,131
Capital contributions - State of Good Repair		117,374
Capital contributions - CalOES		24,814
TOTAL CAPITAL CONTRIBUTIONS	133,683	152,319
CHANGE IN NET POSITION	77,921	1,234,096
Net position, beginning of year	2,159,403	925,307
NET POSITION, END OF YEAR	$ 2,237,324	$ 2,159,403

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

CALAVERAS TRANSIT AGENCY

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 17,628	$ 10,114
Cash payments to suppliers	(1,128,835)	(1,041,964)
NET CASH USED BY OPERATING ACTIVITIES	(1,111,207)	(1,031,850)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Repayment of loan from the Council		(512,618)
Operating grants and subsidies	1,077,720	2,269,400
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	1,077,720	1,756,782
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions received	100,000	152,319
Interest paid	(4,977)	(7,055)
Principal paid on lease	(36,843)	(35,050)
Acquisitions of capital assets	(44,684)	(24,004)
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	13,496	86,210
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings (loss)	(11,764)	11,778
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	(11,764)	11,778
NET (DECREASE) INCREASE IN CASH AND CASH AND CASH EQUIVALENTS	(31,755)	822,920
Cash and cash equivalents, beginning of year	1,223,589	400,669
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,191,834	$ 1,223,589
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET		
Cash and cash equivalents	$ 970,118	$ 1,099,047
Restricted cash and cash equivalents - capital purchases	221,716	124,542
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 1,191,834	$ 1,223,589
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED BY OPERATING ACTIVITIES		
Net loss from operations	$ (1,328,571)	$ (1,210,451)
Adjustments to reconcile net loss from operations to net cash used by operating activities:		
Depreciation and amortization expense	132,527	172,826
Changes in operating assets and liabilities:		
Accounts receivable	(1,943)	105
Prepaid expenses	(19,200)	
Deposits	11,000	(11,000)
Accounts payable	94,980	16,670
NET CASH USED BY OPERATING ACTIVITIES	$ (1,111,207)	$ (1,031,850)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Change in unrealized loss on investments	$ (20,786)	

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Calaveras Transit Agency (the Agency) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government 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 Agency's accounting policies are described below.

<u>Description of the Entity</u>: The Agency was organized under a Joint Powers Agreement between the County of Calaveras (the County) and City of Angels Camp (the City) pursuant to California Government Code Section 6500 et seq. on March 6, 2018 to own, operate and administer a public transportation system for the County of Calaveras. The Agency is responsible for the public transportation system and receives funding from the Calaveras Council of Governments and state and federal programs. The Agency began operations on July 1, 2018 and operates five transit routes along Highways 26, 49 and 4 and several local roads using a transit contractor, Paratransit Services. The Agency took over transit operations from the County of Calaveras Transit Fund. The County contributed buses and bus stops to the Agency. The Calaveras Council of Governments provides oversight and administration of the Agency's activities. The Agency has no employees. The Board of Directors is the same as the Governing Body of the Calaveras Council of Governments, which is comprised of seven members – two County Supervisors, two Council Members from the City and three members selected from the public at large (citizen members). The citizen members serve two-year terms and are appointed by the elected members, who are appointed by their respective bodies on a yearly basis. Although the Agency has the same Board as the Calaveras Council of Governments, there is no financial benefit or burden relationship, so the Agency is not considered a component unit of the Commission.

The Legislature of the State of California enacted the Transportation Development Act (TDA) (SB325) represented by Chapter 1400, Statutes of 1971, effective July 1, 1972. The TDA provides for state funding to counties for public transportation expenditures. The TDA requires that each county have a Transportation Planning Agency. The Calaveras Council of Governments, which is a separate legal entity that issues separate financial statements, fulfills this requirement. The principal source of TDA funding is derived from ¼ of one percent of the state retail sales tax. The ¼ cent is returned by the State Board of Equalization to each county according to the amount of tax collected in the county. The revenue is recorded in the Calaveras Council of Governments Local Transportation Fund (LTF). The Agency receives LTF revenue under Article 4, Section 99260(a) of the TDA for transit operations. The Agency uses Paratransit Services to operate and maintain the buses.

Additionally, the State Transit Assistance Fund (STAF) was created under Chapter 161 of the Statutes of 1979 (SB620) and revised by Chapter 322 of the Statutes of 1982 (AB 2551), and Chapter 105 of the Statutes of 1989 (SB 300). Funds for the program are derived from a statewide sales tax on gasoline and diesel fuel. These funds may not be allocated to fund administration or streets and roads projects. The Agency receives STAF from the Calaveras Council of Governments State Transit Assistance Fund under Article 4, Section 6731(b) of the TDA for contracted transit services and related administration.

On April 28, 2017, Senate Bill (SB) 1 (Chapter 5, Statutes of 2017), the Road Repair and Accountability Act of 2017, was signed into law. SB 1 created the State of Good Repair (SGR) Program. SB 1 created a new Transportation Improvement Fee (Fee) on vehicle registrations due on or after January 1, 2018, a portion of which is provided to the California State Controller's Office for the SGR program. The funds are distributed to RTPAs, who allocate to eligible agencies under the STA Program formula pursuant to Public Utilities Code Section 99312.1. SGR funds are available for capital assistance to rehabilitate and

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

modernize existing local transportation systems, including the purchase of new vehicles and the maintenance and rehabilitation of transit facilities and vehicles.

Basis of Presentation: The Agency's resources are allocated to and accounted for in these financial statements as an enterprise fund type of the proprietary fund group. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Unrestricted net position for the enterprise fund represents the net position available for future operations.

Reporting Entity: The financial statements are intended to present the financial position, results of operations and cash flows of only those transactions reported in the Agency.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the Agency are included on the statement of net position. Net position is segregated into the investment in capital assets, amounts restricted and amounts unrestricted. Enterprise fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position.

The Agency uses the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Non-exchange revenues are recognized when all eligibility requirements have been met. Cost reimbursement grant revenues are recognized when program expenditures are incurred in accordance with program guidelines. When such funds are received before eligibility requirements are met they are recorded as unearned revenues until they are earned. LTF, STA, and Federal Transit Administration (FTA) revenues are recognized when approved by the Calaveras Council of Governments or FTA.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Agency are charges to passengers for public transit services. Operating expenses include the cost of transit services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Restricted Assets: Restricted cash and cash equivalents at June 30 consisted of the following:

	2022	2021
State of Good repair restricted for bus purchases	$ 116,922	$ 118,017
LTF restricted for capital asset purchases	98,381	
FTA funded capital asset sale proceeds restricted for capital asset purchases	6,413	6,525
	$ 221,716	$ 124,542

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets: Capital assets are stated at historical cost or estimated historical cost if historical cost is not available. Capital assets are defined as assets with an initial cost of $2,500 or more and an estimated useful life in excess of one year. 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. Provision is made for depreciation by the straight-line method over the estimated useful lives of these individual assets, which is five years for automobiles, ten years for transit management software, forty years for bus stops and from four to ten years for buses and related equipment. 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 Revenue: Unearned revenue arises when resources are received by the Agency before it has legal claim to them, such as when cost reimbursement grant and other intergovernmental revenues are received prior to the incurrence of qualifying expenses.

Net Position: Net position is categorized as the net investment in capital assets, restricted and unrestricted.

> Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation and amortization and any related debt reduces the balance in this category.
>
> Restricted – 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. Restricted net position at June 30, 2022 and 2021 consisted of the balance of restricted assets described above. The Agency approved a reserve policy in April 2021 creating a Cash Flow Reserve Fund of $912,618, which is part of the amount restricted for transit operations.
>
> Unrestricted – This category represents net position of the Agency not restricted for any project or other purpose.

Related Party Transactions: The Agency shares a board with the Council and is administered by Council staff under a contract. The Council charged the Agency $42,396 and $50,353 for administration during the years ended June 30, 2022 and 2021, respectively.

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

NOTE B – CASH AND CASH EQUIVALENTS

Investment policy: The Agency invests according to the California State Government Code. The Agency currently has no investment policy but invests in the County of Calaveras investment pool as a matter of practice.

Investment in the County of Calaveras Investment Pool: The Agency's cash is held in the County Treasury. The County maintains an investment pool that allocates interest to the various funds based

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

upon the average daily cash balances at quarter end. Investments held in the County's investment pool are available on demand to the Agency 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 the investment, the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2022 and 2021, the weighted average maturity of the investments contained in the County's investment pool was approximately 1.10 and 1.20 years, respectively.

Credit risk: Generally, credit risk is the risk that an insurer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County's investment pool does not have a rating provided by nationally recognized statistical rating organization.

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

NOTE C – CAPITAL ASSETS

Capital assets consisted of the following at June 30:

	Balance at June 30, 2021 (as Restated)	Additions	Disposals	Balance at June 30, 2022
Capital assets, not being depreciated/amortized:				
Construction in progress	$ 74,057		$ (62,184)	$ 11,873
Capital assets being depreciated/amortized:				
Bus shelter land improvements	193,769		19,356	213,125
Bus shelters	237,476		28,074	265,550
Property improvements	24,004			24,004
Transit vehicles and equipment	638,733	$ 44,684	(15,000)	668,417
Leased asset - transit center	151,329			151,329
Total capital assets being depreciated/amortized	1,245,311	44,684	32,430	1,322,425
Less accumulated depreciation/amortization for:				
Bus shelter land improvements	(53,373)	(19,726)		(73,099)
Bus shelters	(30,825)	(7,073)		(37,898)
Property improvements	(1,600)	(2,400)		(4,000)
Transit vehicles and equipment	(360,344)	(65,496)	15,000	(410,840)
Leased asset - transit center	(37,832)	(37,832)		(75,664)
Total accumulated depreciation/amortization	(483,974)	(132,527)	15,000	(601,501)
Total capital assets being depreciated/amortized, net	761,337	(87,843)	47,430	720,924
Capital assets, net	$ 835,394	$ (87,843)	$ (14,754)	$ 732,797

NOTE C – CAPITAL ASSETS (Continued)

	Balance at June 30, 2020 (as Restated)	Additions	Disposals	Balance at June 30, 2021 (as Restated)
Capital assets, not being depreciated/amortized:				
Construction in progress	$ 74,057			$ 74,057
Capital assets being depreciated/amortized:				
Bus shelter land improvements	193,769			193,769
Bus shelters	237,476			237,476
Property improvements		$ 24,004		24,004
Transit vehicles and equipment	638,733			638,733
Leased asset - transit center	151,329			151,329
Total capital assets being depreciated/amortized	1,221,307	24,004		1,245,311
Less accumulated depreciation for:				
Bus shelter land improvements	(35,582)	(17,791)		(53,373)
Bus shelters	(24,531)	(6,294)		(30,825)
Property improvements		(1,600)		(1,600)
Transit vehicles and equipment	(251,035)	(109,309)		(360,344)
Leased asset - transit center		(37,832)		(37,832)
Total accumulated depreciation/amortization	(311,148)	(172,826)		(483,974)
Total capital assets being depreciated/amortized, net	910,159	(148,822)		761,337
Capital assets, net	$ 984,216	$ (148,822)	$ -	$ 835,394

NOTE D – LONG-TERM LIABILITIES

Long-term liability activity was as follows for the years ended June 30:

	Balance July 1, 2021 (as Restated)	Additions	Retirements	June 30, 2022	Due Within One Year	Due in More Than One Year
Lease liability - transit center	$ 116,279		$ (36,843)	$ 79,436	$ 38,728	$ 40,708
	$ 116,279	$ -	$ (36,843)	$ 79,436	$ 38,728	$ 40,708

	Balance July 1, 2020 (as Restated)	Additions	Retirements	June 30, 2021	Due Within One Year	Due in More Than One Year
Lease liability - transit center	$ 151,329		$ (35,050)	$ 116,279	$ 36,843	$ 79,436
Loan from Council	512,618		(512,618)			
	$ 663,947	$ -	$ (547,668)	$ 116,279	$ 36,843	$ 79,436

NOTE D – LONG-TERM LIABILITIES (Continued)

Lease Agreement: During the year ended June 30, 2022, the Agency implemented GASB Statement No. 87, *Leases*, retroactively as of July 1, 2020. This Statement requires recognition of lease assets and liabilities for leases that previously were classified as operating leases and recognized as expenses. The lease payments were discounted at 5% at the July 1, 2020 GASB Statement No. 87 implementation date. Implementation of this Statement resulted in an increase in the change in net position for year ending June 30, 2021 of $2,782.

In June 2019, the Agency entered into a lease agreement for its transit center facility. The lease is for the period June 1, 2019 to June 30, 2024. Lease payments are $3,485 per month and may increase each year based on the West Region Urban Consumer Price Index. Rent expense during the year ended June 30, 2022 and 2021 totaled $41,820 each year. The leased asset had a cost of $151,329 and accumulated amortization of $75,664 and $37,832 at June 30, 2022 and 2021, respectively. The agreement calls for interest on past due amounts of 10% per annum and other late charges and fees. Future minimum payments under the lease agreement were as follows at June 30:

	2022			2021		
Year Ending June 30:	Principal Payments	Interest Payments	Total	Principal Payments	Interest Payments	Total
2022				$ 36,843	$ 4,977	$ 41,820
2023	$ 38,728	$ 3,092	$ 41,820	38,728	3,092	41,820
2024	40,708	1,111	41,819	40,708	1,111	41,819
	$ 79,436	$ 4,203	$ 83,639	$ 116,279	$ 9,180	$ 125,459

Loan from the Council: On June 6, 2018, the Council approved an allocation from the Council's LTF Fund to the Agency in the amount of $512,618 as a loan until reimbursements from the Federal Transit Administration (FTA) grants are received. The Agency repaid the loan in April 2021.

Line of Credit from the Council: In January of 2019, the Council also approved a $400,000 line of credit from the Council's LTF Fund to the Agency to finance any additional cash shortfalls experienced by the Agency. The line of credit expired during the year ending June 30, 2021. There were no borrowings outstanding under the line of credit as of June 30, 2021.

NOTE E – OTHER STATE PROGRAMS

PTMISEA: In November 2006, California Voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. Of the $19.925 billion of state general obligation bonds authorized, $4 billion was set aside by the State as instructed by statute as the Other State Programs. These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements or for rolling stock procurement, rehabilitation, or replacement.

During the years ended June 30, 2022 and 2021, the Agency applied for and received revenues for the expenditures listed in the following table. As of June 30, funds received and expended were verified in the course of the audit as follows:

NOTE E – OTHER STATE PROGRAMS (Continued)

	2022	2021
Beginning balance	$ -	$ -
PTMISEA received	33,683	10,131
Expenses incurred:		
Generac generator	(33,683)	
Security cameras		(10,131)
Unexpended proceeds	$ -	$ -

LCTOP: The Low Carbon Transit Operations Program (LCTOP) was established by the California Legislature in 2014 by Senate Bill 862. The LCTOP provides funds to transit agencies to reduce greenhouse gas emission and improve mobility through operating and capital grants. Projects approved for LCTOP will support bus or rail services, expand intermodal transit facilities, and may include equipment acquisition, fueling, maintenance and other costs to operate those services or facilities, with each project reducing greenhouse gas emissions.

As of June 30, LCTOP funds received and expended were verified in the course of the audit as follows:

	2022	2021
Beginning balance	$ -	$ -
LCTOP received	19,953	30,624
Expenses incurred:		
Free fare pilot program	(19,604)	(30,624)
Advertising	(349)	
Unexpended proceeds	$ -	$ -

California Office of Emergency Services (CalOES): As approved by the voters in the November 2006 general elections, Proposition 1B enacts the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 to authorize $19.925 billion of state general obligation bonds for specified purposes, including grants for transit system safety, security and disaster response projects. CalOES has been charged with administering the following Prop 1B California Transit Security Grant Program (CTSGP). As of June 30, CalOES funds received and expended were verified in the course of the audit as follows:

	2022	2021
Beginning Balance	$ -	$ -
CalOES received		24,814
Expenses incurred:		
Security gate		(24,004)
Bus stop lighting		(810)
Unexpended proceeds	$ -	$ -

NOTE E – OTHER STATE PROGRAMS (Continued)

State of Good Repair: The State of Good Repair (SGR) program was established by the California Legislature in 2017 by Senate Bill 1. SGR is a program that provides public transportation agencies with a consistent and dependable revenue source to invest in the upgrade, repair and improvement of the transportation infrastructure and improve transportation services. The Agency received SGR revenue for future bus replacement costs. As of June 30, SGR funds received and expended were verified in the course of the audit as follows:

	2022	2021
Beginning Balance	$ 118,017	
SGR received		$ 117,374
Investment earnings (loss)	(1,095)	643
Unexpended proceeds	$ 116,922	$ 118,017

The unspent SGR revenue is reported as restricted cash and cash equivalents and restricted net position for capital purchases.

NOTE F – FARE REVENUE RATIO

The Agency is required to maintain a fare revenue and local funds to operating expense ratio of 10.00% in accordance with Section 99268.2 of the TDA. The fare revenue and local funds to operating expenses ratio for the Agency is calculated as follows for the year ended June 30:

	2022	2021 (as Restated)
Fare revenues	$ 19,571	$ 10,009
Special transit fares - LCTOP fare subsidy	19,953	30,624
Local funds - advertising and other	36,817	34,968
Local funds - interest	(11,764)	11,778
Federal grant funds	474,152	588,599
Insurance proceeds	33,710	
Total fares and local funds	572,439	675,978
Operating expenses	1,348,142	1,220,460
Less allowable exclusions:		
Depreciation and amortization	(132,527)	(172,826)
Net operating expenses	$ 1,215,615	$ 1,047,634
Actual fare revenue ratio	47.09%	64.52%
Required fare revenue ratio	10.00%	10.00%

The Agency was in compliance with its required minimum fare revenue ratio. Federal grant revenues were included as revenue in the fare revenue ratio calculation beginning in the year ended June 30, 2021 due to Assembly Bill 149 that was signed into law in July 2021.

NOTE G – CONCENTRATIONS

The Agency receives a substantial amount of its support from a statewide retail sales tax from the Local Transportation Fund created by the Transportation Development Act and federal grants from the Federal Transit Administration. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Agency's activities.

NOTE H – COMMITMENTS AND CONTINGENCIES

Contingencies: The Agency receives funding for specific purposes that are subject to review and audit by the granting agencies of the funding sources. Such audits could result in the funding agency requesting a 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 audits.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Agency's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on employees and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition or results of operations is uncertain.

Commitment: The Agency has a contract for the operations and maintenance of the Calaveras Connect public transportation system where the base term of the agreement ends on June 30, 2023. The agreement contains three additional two-year option periods with the last option period ending June 30, 2029. The agreement calls for a monthly fixed payment of $35,768 and a payment at a rate of $37.62 per revenue hour and $0.21 per service mile during the year ended June 30, 2023. The option periods have monthly fixed payments ranging from $36,483 to $40,280 and the rates per revenue hour and service mile range from $38.38 to $42.37 and $0.22 to $0.24, respectively. The contract may be terminated with a 90-day notice period. The Agency paid $888,980 and $825,305 under the agreement during the years ended June 30, 2022 and 2021, respectively.

COMPLIANCE REPORT

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE TRANSPORTATION DEVELOPMENT ACT AND OTHER STATE PROGRAM GUIDELINES

To the Board of Directors
Calaveras Transit Agency
San Andreas, California

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Calaveras Transit Agency (the Agency), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated December 1, 2022.

Compliance and Other Matters (including Other State Programs)

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests to determine that Transportation Development Act (TDA) allocated to and received by the Agency were expended in conformance with the applicable statutes, rules and regulations of the TDA and Section 6667 of the California Code of Regulations. We also tested the receipt and appropriate expenditure of other state grant funds, as presented in Note E of the financial statements, in accordance with state program guidelines. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under the TDA or other state program guidelines that is reported as finding 2022-001 in the accompanying schedule of findings and responses.

The Agency's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Agency's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance and the result of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with the TDA and the other state program guidelines in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

Richardson & Company, LLP

December 1, 2022

Compliance and Other Matters

CURRENT YEAR FINDINGS

Finding 2022-001

Criteria: Section 6634 of the California Code of Regulations does not allow transit operator to claim LTF revenue in excess of actual operating and capital expenses, less revenues available from other sources.

Condition: The Agency claimed $100,000 of LTF capital funds without any capital expenses budgeted or expensed during the year and claimed LTF for operations in excess of expenses by $57,809.

Effect: The Agency is accumulating restricted net position.

Cause: The Agency approved a capital reserve policy that resulted in claiming excess capital funds and it appears expenses were less than expected.

Recommendation: We recommend CalCOG not approve additional capital allocations until the Agency spends its current net position restricted for capital purchases. California Code of Regulations Section 6648 allows up to three years of LTF apportionments to be claimed for future capital projects and retained in the LTF Fund at CalCOG. If a capital reserve is desired, the Agency and CalCOG should coordinate to have the Agency claim funds for a capital reserve using the process in Section 6648. The Agency had net position restricted for transit operations of $1,362,120 at June 30, 2022, or more than one year of operating expenses less depreciation and amortization. We normally see operating reserves in the three to six-month range to protect against delays in the receipt of grant funding. We recommend the Agency reduce the excess operating funds to this range if approved by CalCOG by reducing future TDA claims for operations.

Management's Response: Management will consider implementing the recommendation during the next budget process.

PRIOR YEAR FINDINGS

None