

**CALAVERAS COUNCIL OF
GOVERNMENTS**

Audited Financial Statements
Supplementary Information and Compliance Report

June 30, 2021

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CALAVERAS COUNCIL OF GOVERNMENTS

Audited Financial Statements,
Supplementary Information and Compliance Reports

June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Council Members
Calaveras Council of Governments
San Andreas, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Calaveras Council of Governments (the Council), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Calaveras Council of Governments, as of June 30, 2021, and the respective changes in financial position for the year 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.

Change in Accounting Principle

As discussed in Note K to the financial statements, during the year ended June 30, 2021 the Council adopted GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule, schedule of the proportionate share of the net pension liability, and schedule of contributions to the pension plan listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the

To the Council Members
Calaveras Council of Governments

financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 our report dated February 14, 2022 on our consideration of the Council's internal control over financial reporting and on our tests of its 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 report is an integral part of an audit performed in accordance with the Transportation Development Act and other state program guidelines in considering the Council's compliance.

Richardson & Company, LLP

February 14, 2022

CALAVERAS COUNCIL OF GOVERNMENTS

STATEMENT OF NET POSITION

June 30, 2021

	<u>Governmental Activities</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
ASSETS	
CURRENT ASSETS	
Cash and investments	\$ 3,705,799
Due from other agencies	532,005
TOTAL CURRENT ASSETS	<u>4,237,804</u>
NONCURRENT ASSETS	
Restricted cash and investments	257,296
TOTAL NONCURRENT ASSETS	<u>257,296</u>
TOTAL ASSETS	<u>4,495,100</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension plan	74,363
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 4,569,463</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable	\$ 36,588
Accrued wages and benefits	12,626
Due to other agencies	5,358
Compensated absences - current portion	10,893
TOTAL CURRENT LIABILITIES	<u>65,465</u>
NONCURRENT LIABILITIES	
Compensated absences - noncurrent portion	26,283
Net pension liability	131,255
TOTAL NONCURRENT LIABILITIES	<u>157,538</u>
TOTAL LIABILITIES	<u>223,003</u>
DEFERRED INFLOWS OF RESOURCES	
Pension plan	1,644
NET POSITION	
Restricted for PTMISEA projects	257,296
Restricted for program requirements	3,277,565
Unrestricted	809,955
TOTAL NET POSITION	<u>4,344,816</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 4,569,463</u>

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

CALAVERAS COUNCIL OF GOVERNMENTS

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

	<u>Governmental Activities</u>
GOVERNMENTAL ACTIVITIES	
PROGRAM EXPENSES	
Governmental activities:	
Planning, programming, monitoring and project delivery	\$ 3,369,548
PROGRAM REVENUES	
Charges for services	50,353
Operating grants and contributions	3,291,357
	<u>3,341,710</u>
TOTAL PROGRAM REVENUES	<u>3,341,710</u>
NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION	<u>(27,838)</u>
GENERAL REVENUES	
Local Transportation Fund allocation	367,298
Regional Surface Transportation Program allocation	157,742
Other revenues	48,435
	<u>573,475</u>
TOTAL GENERAL REVENUES	<u>573,475</u>
CHANGE IN NET POSITION	545,637
Net position, beginning of year - as previously reported	955,733
Restatement	2,843,446
	<u>3,799,179</u>
Net position, beginning of year - as restated	<u>3,799,179</u>
NET POSITION, END OF YEAR	<u><u>\$ 4,344,816</u></u>

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

CALAVERAS COUNCIL OF GOVERNMENTS

BALANCE SHEETS - GOVERNMENTAL FUNDS

June 30, 2021

	Major Funds		
	General Fund	Local Transportation Fund	Regional Surface Transportation Program Fund
ASSETS			
Cash and investments	\$ 795,025	\$ 785,299	\$ 1,889,460
Due from other agencies	159,856	280,690	-
Restricted cash and investments	257,296	-	-
TOTAL ASSETS	<u>\$ 1,212,177</u>	<u>\$ 1,065,989</u>	<u>\$ 1,889,460</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accrued liabilities	\$ 36,588	\$ -	\$ -
Accrued wages and benefits	12,626	-	-
Due to other agencies	-	-	-
TOTAL LIABILITIES	<u>49,214</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	159,060	-	-
FUND BALANCES			
Restricted for PTMISEA projects	257,296	-	-
Restricted for program requirements	-	1,065,989	1,889,460
Unassigned	746,607	-	-
TOTAL FUND BALANCES	<u>1,003,903</u>	<u>1,065,989</u>	<u>1,889,460</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,212,177</u>	<u>\$ 1,065,989</u>	<u>\$ 1,889,460</u>

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

Nonmajor Governmental Funds	Total
\$ 236,015	\$ 3,705,799
91,459	532,005
-	257,296
<u>327,474</u>	<u>4,495,100</u>
\$ -	\$ 36,588
-	12,626
5,358	5,358
<u>5,358</u>	<u>54,572</u>
-	159,060
-	257,296
322,116	3,277,565
-	746,607
<u>322,116</u>	<u>4,281,468</u>
<u>\$ 327,474</u>	<u>\$ 4,495,100</u>

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CALAVERAS COUNCIL OF GOVERNMENTS

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO
THE GOVERNMENT-WIDE BALANCE SHEET - GOVERNMENTAL ACTIVITIES

June 30, 2021

Fund balances - governmental funds, June 30, 2021 \$ 4,281,468

Amounts reported for governmental activities in the government-wide balance sheet are different from those reported in the governmental funds above because:

Pension contributions made subsequent to the measurement date and other pension adjustments will reduce the pension liability in the future and are reported as deferred outflows of resources on the government-wide balance sheet. 74,363

Certain liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Compensated absences (37,176)
Net pension liability (131,255)

Net differences between projected and actual earnings on pension plan investments and changes in assumptions are reported as deferred inflows of resources on the government-wide balance sheet. (1,644)

Long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds. Unavailable revenue is recognized under the full accrual basis for government-wide purposes. 159,060

Net position - governmental activities, June 30, 2021 \$ 4,344,816

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

CALAVERAS COUNCIL OF GOVERNMENTS

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

For the Year Ended June 30, 2021

	Major Funds		
	General Fund	Local Transportation Fund	Regional Surface Transportation Program Fund
REVENUES			
Intergovernmental revenues:			
State and local subvention and planning grants	\$ 388,421	\$ -	\$ 985,422
Local Transportation Fund allocation	367,298	-	-
State allocations for claimants	-	1,440,544	-
Regional Surface Transportation Program allocation	157,742	-	-
Calaveras Transit Agency administration reimbursement	50,353	-	-
Other revenue	11,517	10,637	22,257
TOTAL REVENUES	<u>975,331</u>	<u>1,451,181</u>	<u>1,007,679</u>
EXPENDITURES			
Services and supplies:			
Professional services, including County and City contracts	400,525	-	-
Salaries and benefits	352,154	-	-
Rents and leases	30,446	-	-
Office expense	14,817	-	-
Insurance	20,748	-	-
Training and travel	1,013	-	-
Other expenses	17,108	-	-
Allocations to claimants:			
Calaveras Transit Agency	-	904,329	386,890
CCOG - Planning and administration	-	367,298	-
Calaveras County - streets and roads	-	419,146	-
City of Angles - streets and roads	-	41,454	-
Pedestrian and bicycle	-	15,035	-
Calaveras County - administration	-	902	-
TOTAL EXPENDITURES	<u>836,811</u>	<u>1,748,164</u>	<u>386,890</u>
NET CHANGE IN FUND BALANCES	138,520	(296,983)	620,789
Fund balances, beginning of year - as previously reported	865,383	-	-
Restatement	-	1,362,972	1,268,671
Fund balances, beginning of year - as restated	<u>865,383</u>	<u>1,362,972</u>	<u>1,268,671</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,003,903</u>	<u>\$ 1,065,989</u>	<u>\$ 1,889,460</u>

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

Nonmajor Governmental Funds	Total
\$ 148,954	\$ 1,522,797
-	367,298
327,098	1,767,642
-	157,742
-	50,353
4,024	48,435
<u>480,076</u>	<u>3,914,267</u>
-	400,525
-	352,154
-	30,446
-	14,817
-	20,748
-	1,013
-	17,108
369,763	1,660,982
-	367,298
-	419,146
-	41,454
-	15,035
-	902
<u>369,763</u>	<u>3,341,628</u>
110,313	572,639
-	865,383
<u>211,803</u>	<u>2,843,446</u>
<u>211,803</u>	<u>3,708,829</u>
<u>\$ 322,116</u>	<u>\$ 4,281,468</u>

CALAVERAS COUNCIL OF GOVERNMENTS

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

For the Year Ended June 30, 2021

Net change in fund balances - governmental fund \$ 572,639

Amounts reported for governmental activities in the statement of activities are different because:

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 deferred outflows of resources related to pension plan	(2,332)
Change in compensated absences liability	(9,465)
Change in net pension liability	(20,004)
Change in deferred inflows of resources related to pension plan	3,881

Revenues not received within the availability period are deferred in governmental funds, but are recognized as revenue under the full accrual method of accounting in the government-wide statements.

Amount represents the change in unavailable revenue. 918

Change in net position - governmental activities \$ 545,637

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

CALAVERAS COUNCIL OF GOVERNMENTS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS

For the Year Ended June 30, 2021

ADDITIONS:

Taxes:		
Local Transportation Fund allocation	\$	-
State Transit Assistance Fund allocation		-
Intergovernmental		-
Interest revenue		-
	TOTAL ADDITIONS	<u>-</u>

DEDUCTIONS:

Allocations to claimants:		
Calaveras Transit Agency		-
CCOG - Planning and administration		-
Calaveras County - Streets and roads		-
City of Angels - Streets and roads		-
Pedestrian and bicycle		-
Calaveras County - Administration		-
	TOTAL DEDUCTIONS	<u>-</u>

OTHER FINANCING USES:

Transfers out		-
Total other financing uses		<u>-</u>

CHANGE IN NET POSITION -

Net position, beginning of year - as previously reported		2,843,446
Restatement		<u>(2,843,446)</u>
Net position, beginning of year - as restated		<u>-</u>
	NET POSITION, END OF YEAR	<u>\$ -</u>

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

CALAVERAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Calaveras Council of Governments (the Council) are prepared in conformity with U.S. generally accepted accounting principles 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 most significant accounting policies of the Council are described below.

Description of Reporting Entity: The Council, the regional transportation planning agency for the County of Calaveras, was created pursuant to Title 3 of California Government Code Section 29535. The Council is responsible for transportation planning activities as well as administration of the Local Transportation Fund (LTF), the State Transit Assistance Fund (STAF), State of Good Repair (SGR) and other state grant funds. The Council does not exercise control over any other entities and, thus, has no component units. Criteria used in determining the reporting entity was based on control or dependence determined on the basis of budget adoption, funding, and appointment of the respective governing board.

The Council is composed of seven members – two County Supervisors, two Council Members from the City of Angels 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.

Council Support of Transit JPA: In March 2018, a Joint Powers Agreement (the Agreement) was executed between the County of Calaveras and City of Angels Camp to form a Joint Powers Authority called the Calaveras Transit Agency (the Agency) to assume responsibility for the operations and administration of the public transportation system of the County of Calaveras. The County of Calaveras transferred transit operations to the Agency on July 1, 2018. The Agency is a separate legal entity. However, the Agreement calls for the Agency and Council to share the same governing boards, names the Council's Executive Director as the Agency's Executive Director and indicates the Council's staff will manage the Agency's operations. The Agency is not considered to be a component unit of the Council because a financial benefit or burden relationship does not exist between the two organizations. The Council will be reimbursed by the Agency for the time the Council staff spends on Agency business under the Agreement, subject to budgetary control. The reimbursement is disclosed in the related party transaction footnote.

Basis of Presentation – Government-wide Financial Statements: The government-wide balance sheet and statement of activities display information about the non-fiduciary activities of the primary government (the Council). These statements include only the financial activities of the Council and not the fiduciary funds.

The statement of activities presents a comparison between direct expenses and program revenues for the Council's governmental activities. Direct expenses are those that are specifically associated with the Council's activities. Program revenues include operating grants and contributions that are restricted to meeting the operational requirements of the Council. Revenues that are not classified as program revenues, including regional surface enhancement program allocations, LTF allocations and interest income, are presented 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 transactions in which the Council gives (or receives) value without directly receiving (or giving) equal value in exchange,

CALAVERAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

include grants, entitlements and contributions. Revenues from grants and contributions are recognized in the fiscal year in which all eligibility requirements have been satisfied, even if no claim has been filed.

Basis of Presentation – Fund Financial Statements: The accounts of the Council 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.

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 Council considers all revenues to be available if they are collected within 60 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 principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured and are payable from current financial resources. General capital asset acquisitions are reported as expenditures in governmental funds.

Non-exchange transactions, in which the Council gives or receives value without directly receiving or giving equal value in exchange, include grants, entitlements, and contributions. Revenue from grants, entitlements, and contributions is recognized in the fiscal year in which all eligibility requirements have been met.

The Council may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted fund balance/net position may be available to finance program expenditures. The Council's policy is to first apply restricted resources to such programs, followed by unrestricted resources as necessary.

The Council reports the following major governmental funds:

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

Local Transportation Fund (LTF) - This fund is utilized by the Council to receive the 1/4 of 1% retail sales tax collected under the Transportation Development Act (TDA) that is returned to each county by the State Board of Equalization. These funds are apportioned and allocated by the Council to eligible claimants for transit, streets and roads, pedestrian and bicycle projects, transportation planning and for administration.

Regional Surface Transportation Program Fund (RSTP) - This fund is utilized by the Council to account for regional transportation projects.

CALAVERAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Additionally, the Council reports the following fund type:

GOVERNMENTAL FUNDS

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (not including major capital projects) that are legally restricted to expenditures for specified purposes, including the State of Good Repair program, Low Carbon Transit Operations program and LTF pedestrian and bicycle allocations approved by the Board of Directors.

The process for delivering the LTF and STA funds to the various recipients is as follows:

- The County Auditor-Controller estimates the amount of funds to be available in the LTF, and notifies the claimants before February 1 of each year.
- The Council determines how much funding it will need for the planning work program and administration of the TDA, as well as how much of the funds will be reserved for pedestrian and bicycle facilities. The Calaveras Transit Agency then submits a claim for LTF funds as a joint powers authority of eligible claimants, with transit needs required to be met before any streets and roads funds can be claimed. The Council then determines the split of LTF funds between the County of Calaveras and the City of Angels based upon the population amounts provided by the State of California Department of Finance. Each recipient is then notified of the amount of LTF funds available in its area of apportionment (apportionment being the process of dividing the funds based upon population).
- The Council acts upon transit claims, adopting resolutions and preparing allocation instructions that notify the recipient of the funds approved, and notifies the County Auditor-Controller of what expenditures are approved and when they are to be paid.

The STA process is similar, except that the estimate is made by the State of California Controller's Office and the funds cannot be used for administration, streets and roads, or pedestrian and bicycle facilities. The Calaveras Transit Agency is the only eligible claimant.

Budgets: An annual appropriated budget is adopted for the General Fund. The budget presented in the Budget vs. Actual Schedule reported as required supplementary information is not on a basis consistent with U.S. generally accepted accounting principles because the budget includes carry-over funding from the overall work program, which represents the use of fund balance resulting from revenue previously recognized in a prior year. Budgeted revenues and expenditures represent the originally adopted budget modified by amendment during the year.

General Fund - The Council annually adopts a budget through the preparation of an overall work program. This work program describes the projects or work elements that are to be funded and the type of funds that will pay for the expenditures, such as Rural Planning Assistance, Local Transportation or Federal Transit Administration (FTA) revenues. The work program, in draft form, is prepared by the Executive Director, submitted and approved by the Council and submitted to the State of California, Department of Transportation (Caltrans) in March and the final work program is approved by June 30. Caltrans, as the grantor of Rural Planning Assistance and other funding approves the work program, which then becomes the budget for the operating fund of the Council for the fiscal year.

CALAVERAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Cash and Investments: The Council has amounts invested with the County of Calaveras in the General Fund that are restricted for Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA) projects totaling \$257,296 at June 30, 2021.

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 \$10,000 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 and range from three to seven years for office furniture and 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.

Deferred Outflows and Inflows of Resources: In addition to assets and liabilities, the balance sheet will sometimes report 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) or an inflow of resources (revenue) until the earnings process is complete. Deferred outflows and inflows of resources include amounts deferred related to the Council's pension plan under GASB Statement No. 68 as described in Note H. Unavailable revenue in governmental funds arise when a potential revenue source does not meet both the "measurable" and "available" criteria for recognition in the current period. Unavailable revenue at June 30, 2021 consisted of Rural Planning Assistance receivables of \$159,060 not received within the Council's availability period.

Compensated Absences: Unused vacation of 80 to 160 hours per year may be accumulated with no specified maximum number of hours available to be accrued. Accrued vacation is paid at the time of termination from the Council's employment. Sick leave is not directly payable to employees at retirement and is not accrued in the compensated absences liability. However, the sick leave may be converted to service credits under the Council's retirement plan. The cost of vacation is recorded in the period earned in the government-wide statements. A liability for compensated absences is reported in the General Fund only if the liability has matured, for example, as a result of employee resignations or retirements. The General Fund is used to liquidate the liability.

Fund Balance: Governmental funds report nonspendable, restricted, committed, assigned and unassigned fund balances.

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 pre-paid expenses and long-term receivables.

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.

CALAVERAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Council. 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 Council’s funds and includes all spendable amounts that have not been restricted, committed, or assigned to specific purposes. Unassigned fund balance amounts designated by the Council include \$303,906 in the General Fund, \$100,408 in the LTF Fund, and \$132,647 in the RSTP Fund for operating expenses. The terms for use of these amounts are not sufficiently detailed to consider the amounts committed under GASB Statement No. 54.

The Council has only restricted and unassigned fund balances.

Net Position: The government-wide financial statements present net position. Net position is categorized as the investment in capital assets, restricted 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. The purpose of each restriction is listed on the face of the statement of net position.

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

Pension Plan: For purposes of measuring the net pension liability and deferred outflows/inflows of resources and pension expense related to the pension plan, information about the fiduciary net position of the Council’s California Public Employees’ Retirement System (CalPERS) pension plan (the 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. The General Fund is used to liquidate the pension liability.

Use of Estimates: The financial statements have been prepared in conformity with U.S. generally accepted accounting principles, and as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those amounts.

Related Party Transactions: The County of Calaveras performs various services for the Council. The County Auditor-Controller’s Office and Treasurer’s Office performed accounting and investing services for the Council for \$20,000 and \$5,000, respectively, during the year ended June 30, 2021. The Council’s governing body is also the governing body of the Calaveras Transit Agency. The Council’s staff performs administration of the Agency under a contract and received contract payments of \$50,353.

CALAVERAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements: In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying and reporting fiduciary activities of all state and local governments. The focus of the criteria is generally on whether the government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists and activities meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The Council implemented this Statement during the year ended June 30, 2021 as discussed in Note K to the financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain 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. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the lease guidance, unless specifically excluded in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. This Statement 1) defines the term SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs to a SBITA; and 4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITA are based on the standards established in Statement No. 87, *Leases*, as amended. This statement is effective for fiscal years beginning after June 15, 2022.

The Council will fully analyze the impact of these new Statements prior to the effective dates listed above.

NOTE B – CASH AND INVESTMENTS

Cash and investment balances from all funds were combined and invested by the County of Calaveras on the Council's behalf. The County invests according to its investment policy and the California State Government Code. The Council has not formally adopted investment policies that limit the Council's allowable deposits or investments risks to which the Council is exposed. Cash and investments consisted of the following at June 30, 2021:

Investment in County of Calaveras investment pool:	
Governmental funds - unrestricted	\$ 3,705,799
Governmental funds - restricted	<u>257,296</u>
Total cash and investments	<u>\$ 3,963,095</u>

CALAVERAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE B – CASH AND INVESTMENTS (Continued)

Investment in County of Calaveras Investment Pool: The Council invests all of its cash and investments in the investment pool of the County of Calaveras (the County). The County is limited by the California State Government Code in the types of investments it can make. Furthermore, the County Treasurer has a written investment policy, approved by the Board of Supervisors, which is more restrictive than the California Government Code as to maturity and types of investments. Also, the County has an investment committee, which performs regulatory oversight for its pool as required by California Government Code Section 27134. The County's investment policy is discussed in the County's Comprehensive Annual Financial Report at Calaveras.gov.us under the Auditor/Controller section.

At June 30, 2021, the Council's investment in the County's investment pool is stated at amortized cost, which approximates fair value. However, the value of the pool shares in the County investment pool that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the Council's position in the pool.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value on an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. As of June 30, 2021, the weighted average maturity of the investments contained in the County investment pool was approximately 1.20 years.

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 investment pool does not have a rating provided by a nationally recognized statistical rating organization.

Custodial Credit Risk: Custodial 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. 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 – LOAN AND LINE OF CREDIT TO CALAVERAS TRANSIT AGENCY

In June 2018, the Council approved an allocation from the LTF Fund to the Calaveras Transit Agency (Agency) in the amount of \$512,618 as a loan until reimbursements from Federal Transit Administration (FTA) grants were received. The Agency repaid the loan with interest at the County's pooled money rate. The loan was repaid during the year ended June 30, 2021.

In January of 2019, the Council also approved a \$400,000 line of credit from the LTF Fund to the Agency to finance any additional cash shortfalls experienced by the Agency. The line of credit currently has no expiration date. The Agency is required to repay any borrowings with interest equal to the County pooled investment rate calculated by the County Auditor-Controller. There is no maximum term for any borrowings under the agreement, but repayments are expected to occur by the Agency as federal funding is received. There were no borrowings under the line of credit during the year ended June 30, 2021.

CALAVERAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE D – CAPITAL ASSETS

Capital assets activity was as follows for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Capital assets, being depreciated:				
Automobile	\$ 25,564	\$ -	\$ -	\$ 25,564
Total capital assets, being depreciated	<u>25,564</u>	<u>-</u>	<u>-</u>	<u>25,564</u>
Less accumulated depreciation:				
Automobile	(25,564)	-	-	(25,564)
Total accumulated depreciated	<u>(25,564)</u>	<u>-</u>	<u>-</u>	<u>(25,564)</u>
Capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE E – LONG-TERM LIABILITIES

The following is a summary of long-term liability activity for the year ended June 30, 2021 with the exception of the net pension liability reported in Note H:

	July 1, 2020	Additions	Retirements	June 30, 2021	Due Within One Year	Due in More Than One Year
Compensated absences	<u>\$ 27,711</u>	<u>\$ 17,330</u>	<u>\$ (7,865)</u>	<u>\$ 37,176</u>	<u>\$ 10,893</u>	<u>\$ 26,283</u>

NOTE F – CONTINGENCIES AND COMMITMENTS

Grant Contingency: The Council receives revenue from federal, state and local agencies that have requirements to be followed when expending the revenues. If the requirements are not followed, the unauthorized expenditures could be required to be refunded to the granting agency.

Legal Contingencies: The Council is a party to claims, legal actions and complaints that arise in the normal course of operations. It is management’s belief, after consultation with legal counsel, that there are no loss contingencies that will result in a material adverse impact on the financial position of the Council.

Insurance: The Council participates in the Special Districts Risk Management Authority (SDRMA) for insurance coverage. SDRMA is a risk-pooling self-insurance authority created under the provisions of the California Government Code Sections 6500 et. seq. Its purpose is to provide a full risk management program for California local governments. The Council pays an annual premium based on its pro-rata share of charges for the pooled risk, claims adjusting, legal costs and administrative costs to operate the SDRMA.

Coverage includes property, (including boiler & machinery, pollution, cyber, and catastrophic loss), general liability (including bodily injury, property damage, public officials personal, employment benefits, employee/public officials E & O, employment practices liability, and employee/public officials dishonesty), auto liability, auto physical damage, and workers’ compensation (employer’s liability and

CALAVERAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE F – CONTINGENCIES AND COMMITMENTS (Continued)

workers’ compensation coverage), for which the Council has combined SDRMA and commercial reinsurance coverage limits of up to \$800,000,000, \$10,000,000, \$10,000,000 and \$5,000,000 and the statutory limit, respectively. Financial statements are available from SDRMA at sdrma.org.

Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. Coverage for property insurance was reduced \$200,000,000. There were no significant reductions in other insurance coverage from the prior year.

Contract commitments: The Council had the following purchase contract commitment at June 30, 2021:

<u>Project</u>	<u>Amount</u>
Diesel generator	\$ 44,683

NOTE G – OPERATING LEASE

The Council is currently leasing office space under a lease agreement ending July 31, 2022. The rent expense is adjusted on September 1 each year in an amount equal to the change in the Consumer Price Index for the western region, with maximum yearly increases of 3.5%. The total rent expense for the office space during the year was \$25,703.

Future minimum lease payments under the operating lease as of June 30, 2021 were as follows:

<u>Year Ending June 30:</u>	
2022	\$ 25,772
2023	<u>2,148</u>
	<u>\$ 27,920</u>

NOTE H – PENSION PLAN

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

- Miscellaneous Plan
- PEPRM Miscellaneous Plan

Benefit provisions under the Plan are established by state statute and Council resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov. The Council has one employee who was hired after June 30, 2013 and is a participant in the PEPRM rate plan. This participant was hired by the Council in October 2017.

CALAVERAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE H – PENSION PLAN (Continued)

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 rate plan) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the following: the 1959 Survivor Benefit level 4. The cost-of-living adjustments for the plan are applied as specified by the Public Employees’ Retirement Law.

The Plan’s provisions and benefits in effect at June 30, 2021, are summarized as follows:

Hire date	Miscellaneous	PEPRA Miscellaneous
	Prior to January 1, 2013	On or after January 1, 2013
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	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	6.908%	7.000%
Required employer contribution rates	11.348%	7.794%

The Miscellaneous rate plan is closed to new members that are not already CalPERS eligible participants. In addition to the rates above, the Council made UAL contributions of \$12,384 during the year ended June 30, 2021.

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 for the Plan 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 Council is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2021, contributions of \$36,534 were made.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources: As of June 30, 2021, the Council reported a net pension liability of \$131,255 for its proportionate share of the net pension liability of the Plan.

The Council’s net pension liability for its Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The Council’s proportion of the net pension liability was based on a projection of the Council’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

CALAVERAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE H – PENSION PLAN (Continued)

The Council's proportionate share of the net pension liability for the Plan as of June 30, 2021 and 2020 was as follows:

Proportion - June 30, 2021	0.00311%
Proportion - June 30, 2020	<u>0.00278%</u>
Change - increase (decrease)	0.00033%

For the year ended June 30, 2021, the Council recognized pension expense of \$54,989. At June 30, 2021, the Council reported deferred outflows of resources and deferred inflows of resources related to its Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 36,534	\$ -
Differences between actual and expected experience	6,764	-
Changes in assumptions	-	936
Differences between the employer's contributions and the employer's proportionate share of contributions	11,041	708
Change in employer's proportion	16,125	-
Net differences between projected and actual earnings on plan investments	<u>3,899</u>	<u>-</u>
Total	<u>\$ 74,363</u>	<u>\$ 1,644</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 following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	
2022	\$ 15,249
2023	11,218
2024	7,848
2025	<u>1,870</u>
	<u>\$ 36,185</u>

CALAVERAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE H – PENSION PLAN (Continued)

Actuarial Assumptions: The total pension liability at the June 30, 2020 measurement date for the Plan was determined using the following actuarial assumptions:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Actuarial cost method	Entry-Age Normal Cost Method
Amortization method	Level percentage of payroll
Asset valuation method	Market value
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Payroll growth	2.75%
Projected salary increase	0.4% to 8.5% depending on entry age and service
Mortality	Derived using CalPERS membership data for all funds (1)

(1) The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website. All other actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study Report can be found on CalPERS' website under Forms and Publications.

Discount Rate: The discount rate used to measure the total pension liability for the Plan was 7.15%. The projection of cash flows used for the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded 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 adjusted to account for assumed administrative expenses.

CALAVERAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE H – PENSION PLAN (Continued)

The table below reflects the long-term expected real rate of return by asset class for each risk pool. 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.

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 2.00% 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 Council’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Council’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:

1% decrease	6.15%
Net pension liability	\$ 220,135
Current discount rate	7.15%
Net pension liability	\$ 131,255
1% increase	8.15%
Net pension liability	\$ 57,816

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

Payable to the Pension Plan: The Council did not have any significant payables to the Plan as of June 30, 2021.

NOTE I – OTHER STATE GRANTS

PTMISEA: In November 2006, California Voters passed a bond measure (Proposition 1B) 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 Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA).

CALAVERAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE I – OTHER STATE GRANTS (Continued)

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.

The Council received funds from the State's PTMISEA account in previous years for vehicle and equipment purchases, an automatic vehicle location system and bus stop improvements. Qualifying expenditures must be encumbered within three years from the date of the allocation and expended within three years from date of the encumbrance and all PTMISEA funds must be expended by June 30, 2023.

As of June 30, 2021, PTMISEA interest received and funds expended were verified in the course of the audit as follows:

Balance at July 1, 2020	\$ 263,650
Interest earned	3,776
Expenditures incurred:	
Bus stop lighting	<u>(10,130)</u>
Unexpended proceeds at June 30, 2021	<u><u>\$ 257,296</u></u>

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 (CTS GP).

The Council received allocations from CalOES during the years ended June 30, 2015 and 2012 for security and bus stop lighting expenses that will be incurred by Calaveras Transit Agency. As of June 30, 2021, CalOES interest received and funds expended were verified in the course of the audit as follows:

Balance at July 1, 2020	\$ 24,637
Interest earnings	178
Expenditures incurred:	
Security gate and bus shelter lighting	<u>(24,815)</u>
Unexpended proceeds at June 30, 2021	<u><u>\$ -</u></u>

Low Carbon Transit Operations Program (LCTOP): The 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.

CALAVERAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE I – OTHER STATE GRANTS (Continued)

As of June 30, 2021, LCTOP funds, interest received and funds expended were verified in the course of the audit as follows:

Balance at July 1, 2021	\$ 60,672
LCTOP funds received	83,613
Interest earnings	1,835
Expenditures incurred:	
Saturday Hopper Service and free fares program	<u>(30,624)</u>
Unexpended proceeds	<u>\$ 115,496</u>

NOTE J – CONTINGENCY

On March 11, 2020, the World Health Organization declared the outbreak of the 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 Council's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and impact on the donors, members, 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.

NOTE K – RESTATEMENT TO IMPLEMENT GASB STATEMENT NO. 84

During the year ended June 30, 2021, the Council implemented GASB Statement No. 84, *Fiduciary Activities*. As a result of the implementation of this Statement, the Council reevaluated whether its fiduciary funds met the revised definition of fiduciary activities. The Council determined that the Local Transportation Fund, State Transit Assistance Fund, State of Good Repair Fund, Low Carbon Transit Operations Program Fund, Regional Surface Transportation Program Fund, and Pedestrian & Bicycle Fund, which were previously reported as Private Purpose Trust Funds, no longer met the criteria to be reported as fiduciary funds and reclassified them as special revenue funds. This is due to the funds reporting government-mandated nonexchange or voluntary nonexchange revenues where the Council has administrative involvement under paragraph 11b of the Statement. As a result, the July 1, 2020 governmental activities net position and governmental fund balances increased by \$2,843,446 and the fiduciary funds net position decreased by the same amount.

REQUIRED SUPPLEMENTARY INFORMATION

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CALAVERAS COUNCIL OF GOVERNMENTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues:				
State and local subvention and planning grants	\$ 134,260	\$ 396,865	\$ 388,421	\$ (8,444)
Local Transportation Fund allocation	285,714	406,814	367,298	(39,516)
Regional Surface Transportation Program allocation	51,986	298,309	157,742	(140,567)
Calaveras Transit Agency administration reimbursement	65,585	65,585	50,353	(15,232)
Other revenue	-	-	11,517	11,517
TOTAL REVENUES	537,545	1,167,573	975,331	(192,242)
EXPENDITURES				
Services and supplies:				
Professional services, including County and City contracts	28,300	22,000	400,525	(378,525)
Salaries and benefits	390,355	401,015	352,154	48,861
Rents and leases	30,980	30,980	30,446	534
Office expense	23,630	23,580	14,817	8,763
Insurance	15,500	21,000	20,748	252
Training and travel	11,500	11,500	1,013	10,487
Other expenses	37,280	40,990	17,108	23,882
TOTAL EXPENDITURES	537,545	551,065	836,811	(285,746)
NET CHANGE IN FUND BALANCE	-	616,508	138,520	(477,988)
Fund balance, beginning of year	865,383	865,383	865,383	-
FUND BALANCE, END OF YEAR	\$ 865,383	\$ 1,481,891	\$ 1,003,903	\$ (477,988)

Note to Required Supplementary Information: The Council's annual budgeted revenues include budgeted fund balance and unclaimed grant carryover amounts from the prior year rather than revenues on the accrual basis as follows:

	Budgeted Amounts		Actual Amounts	Add; Budget Carryover	Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original (Budgetary Basis)	Final (Budgetary Basis)				
Intergovernmental revenues:						
State and local subvention and planning grants	\$ 134,260	\$ 396,865	\$ 388,421	\$ 553,809	\$ 942,230	\$ 545,365
Local Transportation Fund allocation	285,714	406,814	367,298	39,516	406,814	-
Regional Surface Transportation Program allocation	51,986	298,309	157,742	140,567	298,309	-
Calaveras Transit Agency administration reimbursement	65,585	65,585	50,353	-	50,353	(15,232)
Other revenue	-	-	11,517	-	11,517	11,517
TOTAL	\$ 537,545	\$ 1,167,573	\$ 975,331	\$ 733,892	\$ 1,709,223	\$ 541,650

CALAVERAS COUNCIL OF GOVERNMENTS

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2021

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - MISCELLANEOUS PLAN (UNAUDITED)
Last 10 Years**

	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.003110%	0.002778%	0.002538%	0.002397%	0.002084%	0.002583%	0.002030%
Proportionate share of the net pension liability	\$ 131,255	\$ 111,251	\$ 95,653	\$ 94,479	\$ 72,388	\$ 70,864	\$ 50,106
Covered - employee payroll - plan measurement period	\$ 259,988	\$ 244,530	\$ 230,826	\$ 293,677	\$ 310,105	\$ 294,074	\$ 210,148
Proportionate share of the net pension liability as a percentage of covered payroll	50.49%	45.50%	41.44%	32.17%	23.34%	24.10%	23.84%
Plan fiduciary net position as a percentage of the total pension liability	89.35%	84.53%	81.91%	83.29%	83.73%	78.40%	83.03%

Notes to Schedule:

Change in Benefit Terms: There were no changes to benefit terms.

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

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

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 36,325	\$ 35,575	\$ 27,885	\$ 23,704	\$ 28,325	\$ 28,353	\$ 25,608
Contributions in relation to the actuarially determined contributions	(36,325)	(35,575)	(27,885)	(23,704)	(28,325)	(28,353)	(25,608)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll - Council's fiscal year	\$ 275,360	\$ 259,988	\$ 244,530	\$ 230,826	\$ 293,677	\$ 310,105	\$ 294,074
Contributions as a percentage of covered - employee payroll	13.19%	13.68%	11.40%	10.27%	9.64%	9.14%	8.71%

Notes to Schedules:

Valuation date for contributions:	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Reporting valuation date	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, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method						
Amortization method	Level percentage of payroll, closed						
Remaining amortization period	Varies by rate plan, but not more than 30 years						
Asset valuation method	Market value						
Inflation	2.50%	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	Varies based on entry age and service						
Investment rate of return and discount rate used to determine contribution rates	7.00%	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%
Retirement age	50-67 years. Probabilities of retirement are based on most recent CalPERS Experience Study.						
Mortality	Most recent CalPERS Experience Study						

Omitted Years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date. Information will be reported in both tables above prospectively as it becomes available.

SUPPLEMENTARY INFORMATION

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CALAVERAS COUNCIL OF GOVERNMENTS

COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2021

	Special Revenue				Total
	State Transit Assistance Fund	State of Good Repair Fund	Low Carbon Transit Operations Program Fund	Pedestrian Bicycle Fund	
ASSETS					
Cash and investments	\$ 19,459	\$ 6	\$ 115,496	\$ 101,054	\$ 236,015
Due from other agencies	80,444	11,015	-	-	91,459
TOTAL ASSETS	<u>\$ 99,903</u>	<u>\$ 11,021</u>	<u>\$ 115,496</u>	<u>\$ 101,054</u>	<u>\$ 327,474</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Due to other agencies	\$ 5,358	\$ -	\$ -	\$ -	\$ 5,358
TOTAL LIABILITIES	<u>5,358</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,358</u>
FUND BALANCES					
Restricted for program requirements	94,545	11,021	115,496	101,054	322,116
TOTAL FUND BALANCES	<u>94,545</u>	<u>11,021</u>	<u>115,496</u>	<u>101,054</u>	<u>322,116</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 99,903</u>	<u>\$ 11,021</u>	<u>\$ 115,496</u>	<u>\$ 101,054</u>	<u>\$ 327,474</u>

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

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CALAVERAS COUNCIL OF GOVERNMENTS

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

For the Year Ended June 30, 2021

	Special Revenue				Total
	State Transit Assistance Fund	State of Good Repair Fund	Low Carbon Transit Operations Program Fund	Pedestrian Bicycle Fund	
REVENUES					
Intergovernmental revenues					
State and local subvention and planning grants	\$ -	\$ 65,341	\$ 83,613	\$ -	\$ 148,954
Local Transportation Fund allocation	312,063	-	-	15,035	327,098
Other revenue	474	344	1,835	1,371	4,024
TOTAL REVENUES	<u>312,537</u>	<u>65,685</u>	<u>85,448</u>	<u>16,406</u>	<u>480,076</u>
EXPENDITURES					
Allocations to claimants:					
Calaveras Transit Agency	221,765	117,374	30,624	-	369,763
TOTAL EXPENDITURES	<u>221,765</u>	<u>117,374</u>	<u>30,624</u>	<u>-</u>	<u>369,763</u>
NET CHANGE IN FUND BALANCES	90,772	(51,689)	54,824	16,406	110,313
Fund balances, beginning of year - as previously reported	-	-	-	-	-
Restatement	3,773	62,710	60,672	84,648	211,803
Fund balances, beginning of year - as restated	<u>3,773</u>	<u>62,710</u>	<u>60,672</u>	<u>84,648</u>	<u>211,803</u>
FUND BALANCES, END OF YEAR	<u>\$ 94,545</u>	<u>\$ 11,021</u>	<u>\$ 115,496</u>	<u>\$ 101,054</u>	<u>\$ 322,116</u>

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

CALAVERAS COUNCIL OF GOVERNMENTS

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS

For the Year Ended June 30, 2021

	Private Purpose Trust Funds			
	Local Transportation Fund	State Transit Assistance Fund	State of Good Repair Fund	Low Carbon Transit Operations Program Fund
ADDITIONS				
Taxes:				
Local Transportation Fund	\$ -	\$ -	\$ -	\$ -
State Transit Assistance Fund	-	-	-	-
Intergovernmental	-	-	-	-
Interest revenue	-	-	-	-
TOTAL ADDITIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEDUCTIONS				
Allocations to claimants:				
Calaveras Transit Agency	-	-	-	-
CCOG - Planning and administration	-	-	-	-
Calaveras County - Streets and roads	-	-	-	-
City of Angels - Streets and roads	-	-	-	-
Pedestrian and bicycle	-	-	-	-
Calaveras County - Administration	-	-	-	-
TOTAL DEDUCTIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	-	-	-	-
Net position, beginning of year - as	1,362,972	3,773	62,710	60,672
Restatement	<u>(1,362,972)</u>	<u>(3,773)</u>	<u>(62,710)</u>	<u>(60,672)</u>
Net position, beginning of year - as restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Regional Surface Transportation Program Fund	Pedestrian Bicycle Fund	Total
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
1,268,671	84,648	2,843,446
(1,268,671)	(84,648)	(2,843,446)
-	-	-
\$ -	\$ -	\$ -

CALAVERAS COUNCIL OF GOVERNMENTS

SCHEDULE OF ALLOCATIONS AND EXPENDITURES -
LOCAL TRANSPORTATION FUND

For the Year Ended June 30, 2021

	Public Utilities Code Section			Total
	99233.1	99260(a)	99400(a)	
ALLOCATIONS				
Calaveras Council of Governments	\$ 367,298	\$ -	\$ 15,035	\$ 382,333
Calaveras Transit Agency	-	904,329	-	904,329
Calaveras County - Streets	-	-	419,146	419,146
City of Angels	-	-	41,454	41,454
Calaveras County - Administration	902	-	-	902
TOTAL ALLOCATIONS	\$ 368,200	\$ 904,329	\$ 475,635	\$ 1,748,164
EXPENDITURES				
Calaveras Council of Governments	\$ 367,298	\$ -	\$ 15,035	\$ 382,333
Calaveras Transit Agency	-	904,329	-	904,329
Calaveras County - Streets	-	-	419,146	419,146
City of Angels	-	-	41,454	41,454
Calaveras County - Administration	902	-	-	902
TOTAL EXPENDITURES	368,200	904,329	475,635	1,748,164
(OVER) UNDER EXPENDED ALLOCATIONS	\$ -	\$ -	\$ -	\$ -

CALAVERAS COUNCIL OF GOVERNMENTS

SCHEDULE OF ALLOCATIONS AND EXPENDITURES -
STATE TRANSIT ASSISTANCE FUND

For the Year Ended June 30, 2021

	<u>Public Utilities Code Section 6731(b)</u>
ALLOCATIONS	
Calaveras Transit Agency	<u>\$ 236,977</u>
	<u>TOTAL ALLOCATIONS \$ 236,977</u>
EXPENDITURES	
Calaveras Transit Agency	<u>\$ 236,977</u>
	<u>TOTAL EXPENDITURES 236,977</u>
	<u>(OVER) UNDER EXPENDED ALLOCATIONS \$ -</u>

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COMPLIANCE REPORT

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

To the Council Members
Calaveras Council of Governments
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 Council of Governments (the Council), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated December February 14, 2022.

Compliance and Other Matters (including Other State Programs)

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests to determine that Transportation Development Act (TDA) allocated to and received by the Council were expended in conformance with the applicable statutes, rules and regulations of the TDA and Sections 6661 and 6662 of the California Code of Regulations. We also tested the receipt and appropriate expenditure of other state grant funds, as presented in Note I 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 no instances of noncompliance or other matters that are required to be reported under the TDA or other state program guidelines.

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

February 14, 2022

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