

CALAVERAS TRANSIT AGENCY

Audited Financial Statements
and Compliance Report

June 30, 2023

(This page intentionally left blank.)

CALAVERAS TRANSIT AGENCY

Audited Financial Statements
and Compliance Report

June 30, 2023 and 2022

Audited Financial Statements

Independent Auditor's Report..... 1

Basic Financial Statements

Statements of Net Position..... 4
Statements of Revenues, Expenses and Changes in Net Position..... 5
Statements of Cash Flows..... 6
Notes to the Financial Statements..... 7

Compliance Report

Independent Auditor's Report on Compliance with the Transportation
Development Act and Other State Program Guidelines..... 16
Schedule of Findings and Responses..... 17

(This page intentionally left blank.)



550 Howe Avenue, Suite 210
Sacramento, California 95825

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

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, 2023 and 2022, 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, 2023 and 2022, 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

To the Board of Directors
Calaveras Transit Agency

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 our report dated January 18, 2024 on our consideration of the Agency's 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.

To the Board of Directors
Calaveras Transit Agency

That 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

January 18, 2024

CALAVERAS TRANSIT AGENCY

STATEMENTS OF NET POSITION

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,113,264	\$ 970,118
Due from other agencies	477,531	507,835
Accounts receivable	5,816	38,921
Prepaid expenses	21,694	19,200
TOTAL CURRENT ASSETS	<u>1,618,305</u>	<u>1,536,074</u>
NONCURRENT ASSETS		
Restricted cash and cash equivalents - capital purchases	123,472	221,716
Deposits	2,800	2,800
Capital assets:		
Not being depreciated/amortized	11,873	11,873
Being depreciated/amortized, net	829,661	720,924
Total Capital Assets, Net	<u>841,534</u>	<u>732,797</u>
TOTAL NONCURRENT ASSETS	<u>967,806</u>	<u>957,313</u>
TOTAL ASSETS	<u>\$ 2,586,111</u>	<u>\$ 2,493,387</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 98,349	\$ 176,627
Lease liability - current portion	40,708	38,728
TOTAL CURRENT LIABILITIES	<u>139,057</u>	<u>215,355</u>
NONCURRENT LIABILITIES		
Lease liability - noncurrent portion		40,708
TOTAL NONCURRENT LIABILITIES		<u>40,708</u>
TOTAL LIABILITIES	<u>139,057</u>	<u>256,063</u>
NET POSITION		
Net investment in capital assets	800,826	653,361
Restricted for transit operations	1,522,756	1,362,247
Restricted for capital purchases	123,472	221,716
TOTAL NET POSITION	<u>2,447,054</u>	<u>2,237,324</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 2,586,111</u>	<u>\$ 2,493,387</u>

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, 2023 and 2022

	2023	2022
OPERATING REVENUES		
Passenger fares	\$ 60,681	\$ 19,571
TOTAL OPERATING REVENUES	60,681	19,571
OPERATING EXPENSES		
Purchased transportation	989,047	888,980
Services and supplies:		
Fuel	214,433	175,172
Maintenance	87,123	65,981
Professional services	64,550	30,637
Other	5,054	11,945
Small tools and equipment	3,696	504
Calaveras Council of Governments administration	55,333	42,396
Depreciation and amortization	116,833	132,527
TOTAL OPERATING EXPENSES	1,536,069	1,348,142
NET LOSS FROM OPERATIONS	(1,475,388)	(1,328,571)
NONOPERATING REVENUES (EXPENSES)		
State Transit Assistance	557,811	314,672
Federal grants	477,531	474,152
Local Transportation Fund	409,183	425,000
Low Carbon Transit Operations Program (LCTOP)	57,807	19,953
Advertising and other revenues	37,491	36,817
Investment earnings (loss)	18,481	(11,764)
PTMISEA	4,336	
Interest expense - lease	(3,092)	(4,977)
Gain on disposal of capital assets		18,956
TOTAL NONOPERATING REVENUES	1,559,548	1,272,809
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	84,160	(55,762)
CAPITAL CONTRIBUTIONS		
Capital contributions - LCTOP	73,820	
Capital contributions - HVIP	51,750	
Capital contributions - PTMISEA		33,683
Capital contributions - Local Transportation Fund		100,000
TOTAL CAPITAL CONTRIBUTIONS	125,570	133,683
CHANGE IN NET POSITION	209,730	77,921
Net position, beginning of year	2,237,324	2,159,403
NET POSITION, END OF YEAR	\$ 2,447,054	\$ 2,237,324

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

CALAVERAS TRANSIT AGENCY
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 93,786	\$ 17,628
Cash payments to suppliers	<u>(1,500,008)</u>	<u>(1,128,835)</u>
NET CASH USED BY OPERATING ACTIVITIES	(1,406,222)	(1,111,207)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grants and subsidies	<u>1,574,463</u>	<u>1,077,720</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	1,574,463	1,077,720
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions received	73,820	100,000
Principal paid on lease	(38,728)	(36,843)
Acquisitions of capital assets	(173,820)	(44,684)
Interest paid	<u>(3,092)</u>	<u>(4,977)</u>
NET CASH (USED) PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(141,820)	13,496
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings (loss)	<u>18,481</u>	<u>(11,764)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	18,481	(11,764)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	44,902	(31,755)
Cash and cash equivalents, beginning of year	<u>1,191,834</u>	<u>1,223,589</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,236,736</u>	<u>\$ 1,191,834</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET		
Cash and cash equivalents	\$ 1,113,264	\$ 970,118
Restricted cash and cash equivalents - capital purchases	<u>123,472</u>	<u>221,716</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,236,736</u>	<u>\$ 1,191,834</u>
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED BY OPERATING ACTIVITIES		
Net loss from operations	\$ (1,475,388)	\$ (1,328,571)
Adjustments to reconcile net loss from operations to net cash used by operating activities:		
Depreciation and amortization expense	116,833	132,527
Changes in operating assets and liabilities:		
Accounts receivable	33,105	(1,943)
Prepaid expenses	(2,494)	(19,200)
Deposits		11,000
Accounts payable	<u>(78,278)</u>	<u>94,980</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (1,406,222)</u>	<u>\$ (1,111,207)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Change in unrealized loss on investments	\$ 3,593	\$ (20,786)
HVIP non-cash grant	\$ 51,750	

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

CALAVERAS TRANSIT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023 and 2022

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.

Description of the Entity: 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 Calaveras Council of Governments.

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

CALAVERAS TRANSIT AGENCY

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

	2023	2022
State of Good repair restricted for bus purchases	\$ 118,678	\$ 116,922
LTF restricted for capital asset purchases	4,794	98,381
FTA funded capital asset sale proceeds restricted for capital asset purchases		6,413
	<u>\$ 123,472</u>	<u>\$ 221,716</u>

CALAVERAS TRANSIT AGENCY

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

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, 2023 and 2022 consisted of the balance of restricted assets described above.

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 \$55,333 and \$42,396 for administration during the years ended June 30, 2023 and 2022, 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 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.

CALAVERAS TRANSIT AGENCY

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

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, 2023 and 2022, the weighted average maturity of the investments contained in the County's investment pool was approximately 0.94 and 1.10 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, 2022	Additions	Disposals	Balance at June 30, 2023
Capital assets, not being depreciated/amortized:				
Construction in progress	\$ 11,873			\$ 11,873
Capital assets being depreciated/amortized:				
Bus shelter land improvements	213,125			213,125
Bus shelters	265,550			265,550
Property improvements	24,004			24,004
Transit vehicles and equipment	668,417	\$ 225,570		893,987
Leased asset - transit center	151,329			151,329
Total capital assets being depreciated/amortized	1,322,425	225,570		1,547,995
Less accumulated depreciation/amortization for:				
Bus shelter land improvements	(73,099)	(19,727)		(92,826)
Bus shelters	(37,898)	(7,073)		(44,971)
Property improvements	(4,000)	(2,400)		(6,400)
Transit vehicles and equipment	(410,840)	(49,801)		(460,641)
Leased asset - transit center	(75,664)	(37,832)		(113,496)
Total accumulated depreciation/amortization	(601,501)	(116,833)		(718,334)
Total capital assets being depreciated/amortized, net	720,924	108,737		829,661
Capital assets, net	\$ 732,797	\$ 108,737	\$ -	\$ 841,534

CALAVERAS TRANSIT AGENCY

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE C – CAPITAL ASSETS (Continued)

	Balance at June 30, 2021	Additions	Transfers/ 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 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 D – LONG-TERM LIABILITIES

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

	Balance			June 30, 2023	Due in	
	July 1, 2022	Additions	Retirements		Due Within One Year	More Than One Year
Lease liability - transit center	\$ 79,436		\$ (38,728)	\$ 40,708	\$ 40,708	
	\$ 79,436	\$ -	\$ (38,728)	\$ 40,708	\$ 40,708	\$ -
	Balance			June 30, 2022	Due in	
	July 1, 2021	Additions	Retirements		Due Within One Year	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

CALAVERAS TRANSIT AGENCY

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE D – LONG-TERM LIABILITIES (Continued)

Lease Agreement: 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 payments during the year ended June 30, 2023 and 2022 totaled \$41,820 each year. The leased asset had a cost of \$151,329 and accumulated amortization of \$113,496 and \$75,664 at June 30, 2023 and 2022, respectively. The lease was discounted at 5%. 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:

Year Ending June 30:	2023			2022		
	Principal Payments	Interest Payments	Total	Principal Payments	Interest Payments	Total
2023				\$ 38,728	\$ 3,092	\$ 41,820
2024	\$ 40,708	\$ 1,111	\$ 41,819	40,708	1,111	41,819
	<u>\$ 40,708</u>	<u>\$ 1,111</u>	<u>\$ 41,819</u>	<u>\$ 79,436</u>	<u>\$ 4,203</u>	<u>\$ 83,639</u>

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, 2023 and 2022, 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:

	2023	2022
Beginning balance	\$ -	\$ -
PTMISEA received	4,336	33,683
Expenses incurred:		
Generac generator		(33,683)
Generator repairs	(4,336)	
Unexpended proceeds	<u>\$ -</u>	<u>\$ -</u>

CALAVERAS TRANSIT AGENCY

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE E – OTHER STATE PROGRAMS (Continued)

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:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ -	\$ -
LCTOP received	131,627	19,953
Expenses incurred:		
Electric van	(73,820)	
Dial-a-ride - Spare software	(38,400)	
Saturday Hopper service	(12,140)	
Free fares program	(7,267)	(19,604)
Advertising		(349)
	<u> </u>	<u> </u>
Unexpended proceeds	<u>\$ -</u>	<u>\$ -</u>

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:

	<u>2023</u>	<u>2022</u>
Beginning Balance	\$ 116,922	\$ 118,017
SGR received		
Investment earnings (loss)	<u>1,756</u>	<u>(1,095)</u>
Unexpended proceeds	<u>\$ 118,678</u>	<u>\$ 116,922</u>

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

CALAVERAS TRANSIT AGENCY

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

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:

	2023	2022
Fare revenues	\$ 60,681	\$ 19,571
Special transit fares - LCTOP fare subsidy	57,807	19,953
Local funds - advertising and other	37,491	36,817
Local funds - interest	18,481	(11,764)
Local funds - PTMISEA	4,336	
Federal grant funds	477,531	474,152
Insurance proceeds		33,710
Total fares and local funds	<u>656,327</u>	<u>572,439</u>
Operating expenses	1,536,069	1,348,142
Less allowable exclusions:		
Depreciation and amortization	<u>(116,833)</u>	<u>(132,527)</u>
Net operating expenses	<u>\$ 1,419,236</u>	<u>\$ 1,215,615</u>
Actual fare revenue ratio	<u>46.25%</u>	<u>47.09%</u>
Required fare revenue ratio	<u>10.00%</u>	<u>10.00%</u>

The Agency was in compliance with its required minimum fare revenue ratio for the years ended June 30, 2023 and 2022.

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.

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 ended on June 30, 2023. The agreement contains three two-year option periods with the last option period ending June 30, 2029. In June 2023, the Agency exercised the first option through June 30, 2025. The option calls for a monthly

CALAVERAS TRANSIT AGENCY

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2023 and 2022

NOTE H – COMMITMENTS AND CONTINGENCIES (Continued)

fixed payment of \$36,483 and 37,213, and a payment at a rate of \$38.38 and \$39.14 per revenue hour for years ending June 30, 2024 and 2025, as well as a \$0.22 per service mile during both years. The second option period has monthly fixed payments ranging from \$38,716 to \$40,280 and the rates per revenue hour and service mile range from \$39.93 to \$42.37 and \$0.22 to \$0.24, respectively. The contract may be terminated with a 90-day notice period. The Agency paid \$989,047 and \$888,980 under the agreement during the years ended June 30, 2023 and 2022, respectively.

NOTE I – SUBSEQUENT EVENT

On October 26, 2023, the Agency purchased three acres of land in San Andreas, California in the amount of \$131,390. The property will serve as the new transit facility for the Agency as well as the site for office space for both CalCOG and the Agency.

(This page intentionally left blank.)

COMPLIANCE REPORT

(This page intentionally left blank.)



550 Howe Avenue, Suite 210
Sacramento, California 95825

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

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, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated January 18, 2024.

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

January 18, 2024

CALAVERAS TRANSIT AGENCY
SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2023

Compliance and Other Matters

CURRENT YEAR FINDINGS

Finding 2023-001

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

Condition: The Agency overclaimed transit operating funds by \$200,993 and \$57,809 during the years ended June 30, 2023 and 2022, respectively.

Effect: The amounts over-claimed resulted in excess net position that will need to be used for future expenses before additional TDA revenues are claimed.

Cause: The Agency's actual expenses, less depreciation, were less than budgeted.

Recommendation: We recommend the Agency work with CalCOG during the claim process to reduce subsequent claims and/or reallocate the over-claimed amounts to other purposes as allowed under the TDA. The Agency had net position restricted for transit operations of \$1,522,756 at June 30, 2023, or about a 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: We will consider the amount of net position on hand when the 2024 claim is filed with CalCOG.

PRIOR 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.

Current Status: The Agency utilized the LTF capital reserve on the purchase of an electric van during the year ended June 30, 2023. We consider this finding resolved. The finding about claiming LTF funds in excess of the amount allowed is still applicable and was carried forward as Finding 2023-001.