COUNTY OF PLACER

TRANSPORTATION DEVELOPMENT ACT FUNDS

Audited Financial Statements
and Compliance Report

June 30, 2021

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COUNTY OF PLACER
TRANSPORTATION DEVELOPMENT ACT FUNDS
AUDIT REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
County of Placer
Auburn, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Transportation Development Act (TDA) Funds of the County of Placer (the County), as of and for year ended June 30, 2021, and the related notes to the 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 an opinion 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinion.

To the Board of Supervisors
County of Placer

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the TDA Fund of the County as of June 30, 2021, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note 1, the financial statements present only the TDA Fund of the County and do not purport to, and do not, present fairly the financial position of the County as of June 30, 2021, the changes in financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Prior Year Comparative Information

We have previously audited the 2020 TDA Fund financial statements dated March 19, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Management has omitted management's discussion and analysis and budgetary comparison information for the governmental fund 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2022 on our consideration of the County's internal control over financial reporting related to the TDA Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, and the Transportation Development Act. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Richardson & Company, LLP

March 29, 2022

COUNTY OF PLACER
TRANSPORTATION DEVELOPMENT ACT FUNDS

Balance Sheet
Transportation and Pedestrian/Bike Funds
For the Fiscal Year Ended June 30, 2021
(With Comparative Totals as of June 30, 2020)

	Transportation Fund	Pedestrian/Bike Fund	Total 2021	Total 2020
Assets				
Due from other governments	$ 8,317	$ -	$ 8,317	$ 183,713
Total assets	$ 8,317	$ -	$ 8,317	$ 183,713
Liabilities and Fund Balance				
Due to other funds				
Accounts payable	$ 8,317	$ -	$ 8,317	$ 183,713
Fund balance:				
Restricted	-	-	-	-
Total liabilities and fund balance	$ 8,317	$ -	$ 8,317	$ 183,713

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

COUNTY OF PLACER
TRANSPORTATION DEVELOPMENT ACT FUNDS

Statement of Revenues, Expenditures and Changes in Fund Balance
Transportation and Pedestrian/Bike Funds
For the Fiscal Year Ended June 30, 2021
(With Comparative Totals for the fiscal year ended June 30, 2020)

	Transportation Fund	Pedestrian/Bike Fund	Total 2021	Total 2020
Revenues				
Local Transportation Funds	$ 1,420,180	$ -	$ 1,420,180	$ 2,043,026
Total revenues	1,420,180	-	1,420,180	2,043,026
Expenditures				
Streets and roads	1,420,180	-	1,420,180	2,043,026
Bicycle and pedestrian	-	-	-	-
Total expenditures	1,420,180	-	1,420,180	2,043,026
Changes in fund balance	-	-	-	-
Fund balance, beginning of the year	-	-	-	-
Fund balance, end of the year	$ -	$ -	$ -	$ -

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

COUNTY OF PLACER
TRANSPORTATION DEVELOPMENT ACT FUNDS

Statement of Net Position
Transit Fund
For the Fiscal Year Ended June 30, 2021
(With Comparative Totals as of June 30, 2020)

	2021	2020
Assets		
Current assets:		
Cash and investments	$ 118,885	$ 1,370,354
Accounts receivable	165,614	58,358
Interest receivable	51	935
Due from other governments	2,785,822	2,027,140
Total current assets	3,070,372	3,456,787
Noncurrent Assets:		
Capital assets, net of accumulated depreciation	4,594,702	5,561,625
Total noncurrent assets	4,594,702	5,561,625
Total assets	7,665,074	9,018,412
Deferred outflows of resources:		
Deferred outflows related to pensions	817,629	684,115
Deferred outflows related to OPEB	729,000	882,000
Total deferred outflows of resources	1,546,629	1,566,115
Liabilities and Net Position		
Current liabilities:		
Accounts payable	260,287	251,470
Accrued salaries and benefits	193,695	190,552
Due to other funds	115,839	-
Compensated absences	24,973	20,029
Total current liabilities	594,794	462,051
Long-term liabilities:		
Compensated absences	224,755	180,262
Net pension liability	4,961,165	4,107,052
Net OPEB liability	73,000	325,000
Total liabilities	5,853,714	5,074,365
Deferred inflows of resources:		
Deferred inflows related to pensions	9,523	96,574
Deferred inflows related to OPEB	809,000	812,000
Total deferred inflows of resources	818,523	908,574
Net position:		
Investment in capital assets	4,594,702	5,561,625
Restricted for:		
State of Good Repair projects	25,578	-
TSSSDRA projects	-	22,710
Unrestricted	(2,080,814)	(982,747)
Total net position	$ 2,539,466	$ 4,601,588

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

COUNTY OF PLACER
TRANSPORTATION DEVELOPMENT ACT FUNDS

Statement of Revenues, Expenses and Changes in Net Position
Transit Fund
For the Fiscal Year Ended June 30, 2021
(With Comparative Totals for the fiscal year ended June 30, 2020)

	2021	2020
Operating revenues:		
Passenger fares	$ 285,094	$ 642,864
Van pool fares	24,567	66,901
Total operating revenues	309,661	709,765
Operating expenses:		
Salaries and benefits	3,565,266	3,388,974
Professional services	2,190,596	2,007,648
Maintenance	1,179,080	1,113,978
Fuels and lubricants	294,958	322,932
Insurance	371,171	389,690
Administration and overhead	784,114	685,894
Depreciation	966,923	1,038,287
Total operating expenses	9,352,108	8,947,403
Operating loss	(9,042,447)	(8,237,638)
Nonoperating revenues (expenses):		
Local Transportation Fund	2,531,450	3,600,000
Federal operating grants	2,992,516	1,355,524
Contributions from other agencies	757,008	1,339,485
State Transit Assistance	312,386	869,034
Other revenues	194,640	175,801
State of Good Repair	153,631	138,822
Investment Earnings	4,536	10,322
Contributions from General Fund	4,158	5,455
Contributions to Tahoe Area Rapid Transit	-	(18,201)
Total nonoperating revenues (expenses)	6,950,325	7,476,242
(Loss)/income before contributions	(2,092,122)	(761,396)
Capital contributions - City of Lincoln	-	54,917
Capital contributions - State Transit Assist	30,000	-
Change in net position	(2,062,122)	(706,479)
Net position at beginning of year	4,601,588	5,308,067
Net position, end of year	$ 2,539,466	$ 4,601,588

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

COUNTY OF PLACER
TRANSPORTATION DEVELOPMENT ACT FUNDS

Statement of Cash Flows
Transit Fund
For the Fiscal Year ended June 30, 2021
(With Comparative Totals for the fiscal year ended June 30, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from customers	$ (263,601)	$ 696,130
Cash paid to employees	(2,981,139)	(3,113,577)
Cash paid to suppliers for goods and services	(4,811,102)	(4,467,287)
Net cash used for operating activities	(8,055,842)	(6,884,734)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating grants and other revenue	6,653,114	6,799,190
Interfund borrowings/(repayments)	115,839	850,000
Net cash provided by noncapital financing activities	6,768,953	7,649,190
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	-	(216,160)
Capital contributions received	30,000	54,917
Net cash provided by (used for) capital and related financing activities	30,000	(161,243)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	5,420	11,539
Net cash provided by investing activities	5,420	11,539
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,251,469)	614,752
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,370,354	755,602
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 118,885	$ 1,370,354
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES:		
Operating loss	$ (9,042,447)	$ (8,237,638)
Adjustments to reconcile net loss to net cash used for operating activities:		
Depreciation	966,923	1,038,287
Changes in assets and liabilities:		
(Increase) in accounts receivable	(573,262)	(13,635)
(Decrease) in accounts payable	8,816	52,854
(Decrease) in accrued salaries	3,143	134,955
Increase (decrease) in compensated absences payable	49,437	(88,790)
Increase (decrease) in pension liability	854,113	369,286
Increase (decrease) in OPEB liability	(252,000)	6,000
(Increase) decrease in deferred outflows	19,486	65,644
Increase (decrease) in deferred inflows	(90,051)	(211,687)
Net cash used for operating activities	$ (8,055,842)	$ (6,884,734)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Change in capital asset purchases payable		$ (216,060)

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

Note 1: **Summary of Significant Accounting Policies**

The financial statements of the Transportation Development Act Funds allocated to the County of Placer (the County) have been prepared in conformity with generally accepted accounting principles in the United States of America (GAAP) as applied to government units. The *Governmental Accounting Standard Board* (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

Description of Reporting Entity

The County annually receives allocations from the Placer County Transportation Planning Agency (PCTPA) to operate public transit services and to fund street and road and pedestrian and bicycle infrastructure improvements.

The financial statements present only the Transportation Development Act Funds allocated to the County of Placer and do not purport to, and do not, present fairly the financial position of the County of Placer as of June 30, 2021, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation

The County uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of ear-marked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

The County of Placer utilizes the special revenue fund type of the governmental fund category to report its financial activity of the Transportation Development Act Funds. This includes accounting for the Transportation and Pedestrian & Bike funds.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the County (internal service funds).

The Transit Fund is an enterprise fund of the County and is used to account for the operation of Placer County Transit.

Basis of Accounting

All governmental funds are accounted for using the *current financial resources* measurement focus which means that only *current assets* and *current* liabilities are generally included on their balance sheets. Their reported fund balance is their net current assets, which is considered only to be a measure of *available spendable resources.* Governmental fund operating statements present a summary of sources and uses of available spendable resources during a period by presenting increases and decreases in net current assets.

Note 1: **Summary of Significant Accounting Policies** (continued)

Basis of accounting refers to *when* revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. All governmental funds are accounted for using the *modified accrual basis* of accounting. These fund revenues are recognized when they become measurable *and* available as net current assets. Measurable means the amount of the transaction can be determined and available means the amount is collectible within the current period or soon enough thereafter (generally sixty days) to be used to pay liabilities of the current period. Amounts that could not be measured or were not available were not accrued as revenue in the current fiscal year. Revenue susceptible to accrual includes sales taxes, intergovernmental grants, interest revenue, and charges for services.

All proprietary funds are accounted for using the economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, and all liabilities, and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private businesses or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The Transit Fund distinguishes operating from non-operating revenues and expenses. Operating revenues and expenses generally result from provided services in connection with Transit's principal ongoing operations. The principal operating revenue of the Transit Fund is passenger fares. Operating expenses include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash and Cash Equivalents

Cash and cash equivalents represent the Transit Fund's share in the County Treasurer's cash and investment pool.

Capital Assets

Capital assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which ranges from ten to fifty years for structures and improvements and two to twenty-five years for equipment. The County's capitalization policy is to capitalize asset acquisitions with an individual cost greater than $5,000 for equipment and vehicles and $50,000 for building and improvements and infrastructure.

Compensated Absences

The County reports a liability for compensated absences attributable to services already rendered as of June 30, 2021, and which are not contingent on a specific event that is outside the control of the County, such as employee illness. This liability is based on the probability that the County will eventually compensate the employees for the benefits through paid time off or some other means, such as annual leave cash-outs, payment of future health insurance premiums, or cash payments at termination or retirement. The liability is calculated based on pay rates in effect on June 30, 2021, in addition to those salary-related payments that are directly and incrementally associated with payments made for compensated absences on termination, such as Social Security and Medicare taxes. See the County of Placer's Annual Comprehensive Financial Report (ACFR) for additional details.

Note 1: **Summary of Significant Accounting Policies** (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an expense/expenditure until then. The Transit Fund reports deferred outflows related to the County's pension and OPEB (other postemployment benefits) plans.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element is an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Transit Fund reports deferred inflows of resources related to the County's pension and OPEB plans.

Pension Plan

For purposes of measuring the net pension liability and deferred inflows/outflows of resources related to the pension plan, and pension expense, information about the fiduciary net position of the County of Placer California Public Employees' Retirement System (CalPERS) 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 at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

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

Net Position / Fund Balance

The Transit Fund reports net position. Net position is categorized as 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 and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the net position balance.

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

Unrestricted – This category represents net position, not restricted for any project or other purpose.

The Transportation Fund and the Pedestrian/Bike Fund report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the County is bound to honor constraints on how specific amounts can be spent. As of June 30, 2021, there is no fund balance reported. The Board of Supervisors establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. When restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, followed by assigned, committed, and unassigned resources as they are needed.

Note 1: **Summary of Significant Accounting Policies** (continued)

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Fair Market Measurement

The Transit Fund categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Transit Fund does not have any investments that are measured using Level 3 inputs.

The Transit Fund is a participant in the Placer County Treasurer's Pool (County Pool). The County Pool is an external investment pool, is not rated and is not registered with the Securities Exchange Commission (SEC). The Placer County Treasurer's Review Panel conducts County Pool oversight. Cash on deposit in the County Pool at June 30, 2021, is stated at fair value. The County Pool values participant shares on an amortized cost basis during the year and adjusts to fair value at year-end. For further information regarding the County Pool, refer to the County of Placer Annual Comprehensive Financial Report.

Note 2: **Cash and Investments**

The County's Funds maintain specific cash deposits with the County and involuntarily participate in the County's external investment pool. The County is restricted by state code in the types of investments it can purchase. Furthermore, the County Treasurer has a written investment policy, approved by the Board of Supervisors, which is more restrictive than state code as to terms of maturity and type of investment. The County has a Treasury Review Panel, which performs regulatory oversight for its pool pursuant to the County investment policy. The County's investment policy authorizes the County to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, negotiable certificates of deposit, local agency bonds, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, corporate notes, and the California Local Agency Investment Fund (LAIF). As of June 30, 2021, the Transit Fund's investment in the County Treasurer's pool is stated at fair value. However, the value of the pool shares in the County's investment pool, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the Transit Fund'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 of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The weighted average to maturity of the County's external investment pool as of June 30, 2021 and 2020 was 643 and 339 days respectively.

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 external investment pool is not rated.

Note 2: **Cash and Investments** (continued)

Custodial Credit Risk and Concentration of Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Transit Fund will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Concentration of credit risk is the risk of loss attributed to the magnitude of the Transit Fund's investment in a single issuer. The Transit Fund is not exposed to custodial credit or concentration of credit risk as it participates in the County's external investment pool, and therefore, is not subject to such risks.

Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County's Annual Comprehensive Financial Report and may be obtained by contacting the County Auditor-Controller's Office at 2970 Richardson Drive, Auburn, California 95603 or online at www.placer.ca.gov.

Fair Value Measurement

The Transit Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of June 30, 2021, the Transit Fund held no individual investments. All funds were invested in the County Pool. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Transit Fund's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. Deposits and withdrawals from the County Pool are made on the basis of $1 and not fair value. Accordingly, The Transit Fund's proportionate share of investments in the County Pool at June 30, 2021 of $118,885 is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

The County Treasurer's cash and investment pool is not registered with the SEC. The County's Treasury Review Panel is charged with overseeing activity in the pool for compliance and code requirements.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure – an amendment of GASB Statement No. 3*, requires additional disclosures about a government's deposit and investment risks that include credit risk, custodial credit risk, concentration of credit risk and interest rate risk. The Commission does not have a separate investment policy, or any other policies that address these specific types of risk.

Note 3: Capital Assets

A summary of changes in capital assets in the Transit Fund during the fiscal year ended June 30, 2021, is as follows:

	Balance July 1, 2020	Additions	Disposals	Adjustments	Balance June 30, 2021
Capital assets, being depreciated:					
Buildings and improvements	$ 2,233,062	$ -	$ -	$ -	$ 2,233,062
Transit vehicles and equipment	10,646,467	-	(43,886)	-	10,602,581
Total capital assets, being depreciated	12,879,529	-	(43,886)	-	12,835,643
Less accumulated depreciation for:					
Buildings and improvements	(1,989,935)	(114,801)	-	-	(2,104,736)
Transit vehicles and equipment	(5,327,969)	(852,122)	43,886	-	(6,136,205)
Total accumulated depreciation	(7,317,904)	(966,923)	43,886	-	(8,240,941)
Total capital assets, being depreciated, net	5,561,625	(966,923)	-	-	4,594,702
Total capital assets, net	$ 5,561,625	$ (966,923)	$ -	$ -	$ 4,594,702

Note 4: Fare Revenue Ratio

The Transit Fund is required under the Transportation Development Act to maintain fare revenue to operating expenses ratio of at least 12.94%. The calculation of the fare revenue ratio for the fiscal year ended June 30, 2021, is as follows:

Fare revenues	$ 309,661
Local Funds	941,254
Total fares	$ 1,250,915
Operating expenses	$ 9,352,108
Less: Depreciation	(966,923)
Other exclusions	(230,481)
Total	$ 8,154,704
Fare revenue ratio	15.34%

The Transit Fund met the minimum required fare revenue ratio during the year ended June 30, 2021, but did not meet the minimum required fare revenue ratio during the years ended June 30, 2020, 2019 and 2018. The County was subject to a reduction in the allowable TDA allocation during the year ended June 30, 2021 in the amount of $20,362, which is the difference between the actual fares and the fares necessary to meet the minimum required fare revenue ratio during the year ended June 30, 2019. Assembly Bill No. 90 (AB 90), signed into legislation on June 29, 2020, was enacted in response to the COVID-19 pandemic's impact on transit operators to hold them harmless for significant decreases in ridership and fare revenues. AB 90 prohibits the implementation of a penalty for failure to meet the required minimum fare revenue ratio during the years ended June 30, 2020 and 2021. AB 149, signed into legislation on July 16, 2021, extended the period for which no penalty will apply through the year ended June 20, 2023. No penalties will be applied to future years for the failure to meet the minimum required fare revenue ratio during these fiscal years.

Note 5: **Compensated Absences**

The following is a summary of activity for compensated absences for the fiscal year ended June 30, 2021:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Amounts Due Within One Year
Compensated Absences	$ 200,291	$ 247,363	$ (197,926)	$ 249,728	$ 24,973

Note 6: **Employees' Pension Plan**

Plan Description

The Transit Fund contributes to the County's California Public Employees Retirement System (CalPERS) Miscellaneous Plan, an agent multiple-employer defined benefit pension plan administered by CalPERS. Benefit provisions under the plan are established by state statute and county resolution. CalPERS issues a publicly available financial report 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 http://calpers.ca.gov/index.jap?bc=/about/forms-pubs/calpers-reports/actuarial-reports/home.xml.

All full and part-time permanent Transit Fund employees and certain extra help employees who have worked over 1,000 hours in a fiscal year are eligible to participate in the County's Miscellaneous Plan with CalPERS. Elected officials may also participate at their option. Per diem employees and extra help employees working less than 1,000 hours in a fiscal year are not eligible. Benefits vest after five years of service. To be eligible for retirement an employee must be at least 50 years of age and have five years of CalPERS credited service. Effective January 1, 2013, new CalPERS members are subject to the Public Employees' Pension Reform Act (PEPRA) and to be eligible for retirement, an employee must be at least 52 years of age and have five years of CalPERS credited service.

Benefits Provided

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

	Tier 1	**Tier 2**	**Tier 3**
		Miscellaneous	
	Hired on or before March 12, 2011	**Hired on or after March 13, 2011**	**Hired on or after Jan. 1, 2013**
Benefit formula	2.5% @ 55	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years
Benefit payments	monthly for life	monthly for life	montly for life
Retirement age	50 - 55	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% - 2.5%	1.43% - 2.42%	1.0% - 2.58%

The Placer Public Employee Organization's represented employees, pay 100% of their employee pension contribution of 7% or 8%. The employer contribution percentage blended for all tiers was 7.44%. An unfunded accrued liability (UAL) payment was made in addition to the blended contribution percentage.

Note 6: **Employees' Pension Plan** (continued)

Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2021, the Transit Fund reported a net pension liability of $4,961,165 for its proportionate share of the County's Miscellaneous Plan's net pension liability. The Transit Fund's net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the plan is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020. The Transit Fund's proportionate share of the County's Miscellaneous Plan's net pension liability as of June 30, 2021, was 0.9599% which was a 0.0769% increase from 2020.

For the year ended June 30, 2021, the Transit Fund recognized pension expense of $1,099,207. At June 30, 2021, the Transit Fund reported deferred outflows and deferred inflows or resources related to the Plan for the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer pension contributions paid by the Transit Fund subsequent to measurement date	$ 508,758	$ -
Changes of assumptions		(9,523)
Differences between actual and expected experience	224,796	-
Net differences between projected and actual earnings on pension plan investments	84,075	-
Total	$ 817,629	$ (9,523)

The amount of $508,758 reported as deferred outflows of resources related to pensions, resulting from the Transit Fund's contributions to the County's Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

Years ending June 30	Amount
2022	$ 92,622
2023	103,452
2024	64,346
2025	38,928
Total	$ 299,348

Actuarial Assumptions, Discount Rate, and Pension Plan Fiduciary Net Position

Detailed information about the County's collective net pension liability is available in the County's separately issued ACFR. The County's ACFR may be obtained by contacting the Placer County Auditor-Controller's Office at 2970 Richardson Drive, Auburn, CA 95603.

Detailed information about the pension plans' fiduciary net position is available in the separately issued CalPERS financial reports.

Note 7: **Other Post Employee Benefits Plan**

Plan Description

The County provides postretirement healthcare benefits to its retirees under its Retiree Healthcare Plan in accordance with various labor agreements. The County contributes to the California Employers' Retiree Benefit Trust (CERBT), an agent multiple employer plan administered by CalPERS. CalPERS issues a publicly available Annual Comprehensive Financial Report that includes financial statements and required supplementary information. Copies of CalPERS' annual financial report may be obtained from their Executive Office, 400 Q Street, P.O. Box 942701, Sacramento, California 94229.

Eligibility

In accordance with California Government Code, all employees electing a CalPERS retirement date within 120 days of retiring from the County are eligible to receive healthcare benefits for life. The County provides postretirement medical and dental benefits to employees who retire after the age of 50 and with five years of service and ten years of CalPERS service if hired after January 1, 2005. Eligible retirees can continue participation in the medical and dental plans, with the Transit Fund contributing up to a cap, which varies by bargaining unit.

Annual OPEB Cost and Net OPEB Liability

The Transit Fund's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) to not exceed thirty years. The Transit Fund's contribution to the plan for fiscal year ended June 30, 2021 was ($102,000). The Transit Fund's net OPEB Liability as of June 30, 2021 was $73,000.

OPEB Liability, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, The Transit Fund reported a liability of $73,000 for its proportionate share of the County's net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Transit Fund's proportion of the net OPEB liability was based on the number of full-time equivalents of eligible employees employed by The Transit Fund in relation to the total number of eligible employees as of the measurement date. The Transit Fund's proportionate share of the County's net OPEB liability as of June 30, 2021, was 0.8954%, which was a decrease of .2792% from 2020.

For the fiscal year ended June 30, 2021, The Transit Fund recognized OPEB expense of $68,559. As of June 30, 2021, The Transit Fund reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 188,000	$ -
Changes of assumptions	126,000	(620,000)
Differences between actual and expected experience	342,000	(189,000)
Net differences between projected and actual earnings on OPEB plan investments	73,000	-
Total	$ 729,000	$ (809,000)

Note 7: **Other Post Employee Benefits Plan** (continued)

The amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in future OPEB expense as follows:

Years ending June 30	Amount
2022	$ (73,335)
2023	(74,933)
2024	(68,957)
2025	(7,994)
2026	(42,781)
	$ (268,000)

Note 8: **Risk Management**

The County's Transit Enterprise Fund is self-insured for public liability and property damage up to $250,000 per occurrence. Claims in excess of $250,000 are insured through the California Transit Systems Joint Powers Insurance Authority (CalTIP), a joint powers agency risk sharing pool, established in 1987 to provide an independently managed self-insurance program for member transit operators. The purpose of CalTIP is to spread the adverse effect of losses among the member agencies and to purchase excess insurance as a group, thereby reducing its expense. Claims in excess of the pool limit are covered by excess insurance purchased by CalTIP up to $25,000,000 per occurance.

The County's Transit Enterprise Fund has not settled any claims exceeding the risk-pool limit of $250,000 per occurrence for any of the past eight fiscal years. The Transit Enterprise Fund has the following forms of coverage through CalTIP: bodily injury liability, property damage liability; public official's error and omissions liability; personal injury liability and collision and comprehensive coverage.

Note 9: **TSSSDRA**

The Transit System Safety, Security & Disaster Response Account (TSSSDRA) allocation; once bond proceeds are made available, and upon appropriation by the Legislature; and subject to such conditions and criteria as the Legislature may provide by statute, and by the California Emergency Management Agency (Cal EMA) are for capital projects that increase protection against a security and safety threat, and develop a disaster response transportation system that can move people, goods, emergency personnel and equipment in the aftermath of a disaster.

Note 9: **TSSSDRA** (continued)

At June 30, 2021, TSSSDRA funds received and expended are as follows:

Beginning balance at June 30, 2020	$ 22,710
Activity for fiscal year ended June 30, 2021:	
Revenue	-
Transfers from Tahoe Area Rapid Transit	-
Interest earned on unspent proceeds	133
Expenditures	(22,843)
Unexpended proceeds (restricted net position) at June 30, 2021	$ -

Note 10: **Local Transportation Fund Eligibility**

The Local Transportation Fund (LTF) allocates monies to the transit system to support operations. The Transit Fund is only eligible to receive allocations sufficient to cover operating expenses, less certain adjustments as described below. Allocations in excess of this amount are recorded as restricted net assets.

At June 30, 2021, eligibility in the Transit Fund was determined as follows:

LTF Allocations - June 30, 2021 :

	Operating
LTF Allocations:	$ 2,531,450
Less amount applied to capital expenditures	-
LTF Allocation available for operating expenditures	2,531,450
Maximum Eligibility:	
Operating expenses	9,352,108
Adjustments:	
Depreciation	(966,923)
Fare box revenues	(309,661)
Federal operating and capital grants	(2,992,516)
Contributions from other agencies	(757,008)
State Transit Assistance	(312,386)
State of Good Repair	(153,631)
Interest revenue	(4,536)
Contributions from General Fund	(4,158)
Other revenue	(194,640)
Maximum Eligibility	3,656,649
Current year LTF allocation in excess of eligibility	(1,125,199)
Beginning balance, July 1, 2020	(978,921)
Net expense (under) maximum eligiblity	$ (2,104,120)

Note 11: **Contingencies**

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. The extent of the impact of COVID-19 on the County's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on the citizens of the County, all of which are uncertain and cannot be predicted. At this point, the full extent to which COVID-19 may impact the financial condition or results of operations is uncertain. Possible effects could be a loss or reduction of revenue sources.

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OTHER REPORTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*, THE TRANSPORTATION DEVELOPMENT ACT AND OTHER STATE PROGRAM GUIDELINES

To the Board of Supervisors
County of Placer
Auburn, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Transportation Development Act Funds of the County of Placer (the County), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 29, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses as Finding 2021-001, that we consider to be a significant deficiency.

Compliance and Other Matters (including Other State Program Guidelines)

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. Our audit was further made to determine that Transportation Development Act (TDA) Funds allocated and received by the County were expended in conformance with the applicable statutes, rules and regulations of the TDA and Section 6666 and 6667 of the California Code of Regulations. We also tested the receipt of bond funds, as presented in Note 9 to the financial statements, in accordance with the other 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 performing our tests disclosed no instances of noncompliance that are required to be reported under *Governmental Auditing Standards*, the TDA or other state program guidelines.

The County's Response to Findings

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion on it.

Purpose of this Report

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

Richardson & Company, LLP

March 29, 2022

SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2021

CURRENT YEAR FINDINGS

INTERNAL CONTROL OVER FINANCIAL REPORTING

FINDING 2021-001 – Significant Deficiency

Criteria: Internal controls should be in place over the financial reporting process to prevent, or detect and correct, misstatements in the financial statements.

Condition: A number of adjustments were identified during the audit of the County of Placer's (the County) Transportation Development Act Funds (the Funds). A list of adjustments was provided to management.

Effect: Although improvement was noted during the year as the number of adjustments recorded declined by half, a number of adjustments were still required to report the Funds' financial statements in accordance with generally accepted accounting principles (GAAP).

Cause: It appeared review procedures over receivables, revenues and net position did not identify all adjustments necessary to report the Funds' financial statements in accordance with GAAP, including an entry to reclassify accounts receivable as due from other governments, reclassify revenues as fares, nonoperating or capital, an entry to reimburse other funds for State of Good Repair expenses incurred, and entry to restrict net position for unspent State of Good Repair revenue and an entry to make net position roll-forward from the prior year.

Recommendation: We recommend the County strengthen review procedures over the transactions above to identify cut-off and reclassifying entries noted during the audit. Controls should include a review of financial statements and related footnotes by a knowledgeable member of management.

Management's Response: The County will implement additional review procedures during the year ended June 30, 2022.

PRIOR YEAR FINDINGS

INTERNAL CONTROL OVER FINANCIAL REPORTING

FINDING 2020-001 – Significant Deficiency

Condition: A number of adjustments were identified during the audit of the County of Placer's (the County) Transportation Development Act Funds (the Funds). A list of adjustments was provided to management.

Current Status: Finding 2021-001 was a continuation of Finding 2020-001.

COMPLIANCE

FINDING 2020-002

Criteria: Under Section 6633.2 of the California Code of Regulations, the County is required to maintain a minimum fare revenue to operating expense ratio for its transit services of 12.94%.

SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2021

Condition: The County did not meet the minimum required fare revenue to operating expense ratio for the fiscal years ended June 30, 2020, 2019 and 2018.

Current Status: The County met its minimum required fare revenue ratio during the year ended June 30, 2021.