EL DORADO COUNTY TRANSIT AUTHORITY

Audited Financial Statements,
Supplementary Information and Compliance Reports

June 30, 2023 and 2022

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EL DORADO COUNTY TRANSIT AUTHORITY

Audited Financial Statements,
Supplementary Information and Compliance Reports
June 30, 2023 and 2022

Audited Financial Statements

Basic Financial Statements

Required Supplementary Information

Supplementary Information

Compliance Reports

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
El Dorado County Transit Authority
Diamond Springs, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the El Dorado County Transit Authority (the Authority), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2023 and 2022, 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 as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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.

To the Board of Directors
El Dorado County Transit Authority

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority'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 Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the proportionate share of the net pension liability, schedule of contributions to the pension plan, schedule of changes in the net OPEB liability and related ratios, and schedule of contributions to the OPEB plan to be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

To the Board of Directors
El Dorado County Transit Authority

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's financial statements. The accompanying schedules of operating expenses and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of operating expenses and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Richardson & Company, LLP

November 22, 2023

Management's Discussion and Analysis
For Year Ended June 30, 2023

The management of the El Dorado County Transit Authority (the Authority) presents this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2023. This section is designed to be read in conjunction with the Authority's basic financial statements and the footnotes.

The primary objective of the Management Discussion and Analysis (MD&A) is to enhance the understandability and usefulness of this external financial audit report to the public and oversight government bodies.

Financial and Operational Highlights

- Net position of the Authority as stated $12,804,009.
- $1,532,411 of the Net Position of the Authority is unrestricted and may be used to meet the Authority's ongoing obligations to provide public transportation. The amount of unrestricted assets is directly affected by recognizing Pension and OPEB Liabilities as outlined in Note G and H.
- Note E – Unearned Revenues, explains that there are $2,739,339 of unearned Local Transportation Fund (LTF) as of June 30, 2023. The unearned LTF is due in part to the carry-over amount of 1,649,704 from the previous year's allocation. Deferred STA funds of $8,815,543 are being retained in anticipation of possible upgrades to the bus fleet to meet Federal and State Zero Emissions Bus regulations.
- Due to COVID-19, AB 149 was passed to allow for the inclusion of non-state operating grants to the Fare Revenue Ratio calculation. The additional AB 149 funds of $1,731,998, is considered fare revenue and resulted in the District maintaining a fare box ratio of 35.61% in the fiscal year ended June 30, 2023. See Note F. The inclusion of federal operating grants under AB 149 allowed the Authority to comply with the required 12.22% minimum.

Overview of Financial Statements

The Authority submits proprietary fund financial statements under the enterprise accounting methodology. Enterprise funds account for service where all or a portion of the cost is recovered via user fees. Prepared under the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP), revenues are recorded in the period in which they are earned, and expenses are recognized in the period in which they are incurred.

This report includes Balance Sheets, Statements of Revenues, Expenses and Changes in Net Position, Statements of Cash Flows, Supplementary Information and Compliance Reports. The financial statements presented by the Authority were audited by independent auditors. Notes to the financial statements provide additional information that is essential for a reader to fully understand the financial data provided.

The basic financial statements are designed to follow corporate presentation models.

- The focus of the **Balance Sheets** is the total net resources available to continue providing public transportation services. This statement consolidates current spendable assets with capital assets.
- The **Statements of Revenues, Expenses and Changes in Net Position** focus on the results of the Authority's operations for the fiscal year. The intent is to report the net cost of the Authority's activities that are mainly supported by local sales taxes and passenger fares.
- The **Statements of Cash Flows** provides an accounting of cash receipts and cash payments that occurred during the fiscal year. This statement reports the cash effects from the Authority's operations, financing, and investment activities.
- **Supplementary Information** is a Schedule of Operating Expenses.
- **Compliance Reports** are included as required.

Financial Analysis

The following schedule was prepared from the Authority's Balance Sheets using the accrual basis of accounting. Assets purchased above $1,000 with more than one year of useful life are capitalized and depreciated. Net position is the difference between liabilities and assets and are one measure of the financial health of the Authority.

EL DORADO COUNTY TRANSIT AUTHORITY

Management's Discussion and Analysis
For Year Ended June 30, 2023

Summary of Net Position

	2023	Restated 2022	Increase (Decrease)
Assets and Deferred Outflows of Resources			
Current Assets	$ 15,604,003	$ 12,701,020	$ 2,902,983
Capital Assets	10,792,826	12,371,769	(1,578,943)
Other Non Current Assets	144,638	182,823	(38,185)
Total Assets	26,541,467	25,255,612	1,285,855
Deferred Outflow of Resources	4,290,639	1,134,056	3,156,583
Total Assets and Deferred Inflows of Resources	$ 30,832,106	$ 26,389,668	$ 4,442,438
Liabilities and Deferred Inflows of Resources			
Current and Other Liabilities	$ 12,992,887	$ 8,908,767	$ 4,084,120
Long-Term Liabilities	4,665,996	1,729,239	2,936,757
Total Liabilities	17,658,883	10,638,006	7,020,877
Deferred Inflows of Resources	369,214	1,641,238	(1,272,024)
Total Liabilities and Deferred Inflows of Resources	18,028,097	12,279,244	5,748,853
Net Position			
Net Investment in Capital Assets	10,727,954	12,052,751	(1,324,797)
Restricted	543,644	567,778	(24,134)
Unrestricted	1,532,411	1,489,895	42,516
Total Net Position	12,804,009	14,110,424	(1,306,415)
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 30,832,106	$ 26,389,668	$ 4,442,438

Management's Discussion and Analysis
For Year Ended June 30, 2023

	Summary of Changes in Net Position		Increase
	2023	2022	(Decrease)
Operating Revenues	$ 796,964	$ 669,351	$ 127,613
Operating Expenses	8,994,317	7,977,390	1,016,927
Net operating Loss	(8,197,353)	(7,308,039)	(889,314)
Nonoperating Revenues (Expenses):			
Local Transportation Fund Allocation	4,940,728	3,602,315	1,338,413
State of Good Repair	-	275,343	(275,343)
Federal Transit Administration Grants	1,731,998	1,713,653	18,345
State Operating Grant	75,000	50,000	25,000
Local Operating Grant	25,966	20,738	5,228
Other Nonoperating Revenues	15,954	27,529	(11,575)
Interest Revenue	97,858	(22,064)	119,922
Interest Expense	(6,097)	(17,636)	11,539
Gain (Loss) on Disposal of Capital Assets	9,531	-	9,531
Total Non-Operating Revenue (Expenses)	6,890,938	5,649,878	1,241,060
Loss Before Capital Contributions	(1,306,415)	(1,658,161)	351,746
Capital Contributions	-	469,635	(469,635)
Change in Net Position	(1,306,415)	(1,188,526)	(117,889)
Net Position, Beginning of the Year	14,110,424	15,298,950	(1,188,526)
Net Position, End of Year	$ 12,804,009	$ 14,110,424	$ (1,306,415)

Changes from the prior year include an increase in Current Assets of $2,902,983 as a result of increased cash and due from other government balances, mostly due to the increased operating grants. Capital Assets decreased by $1,578,943 due primarily to depreciation. Most of the increase in the Current and Other Liabilities can be attributed to the deferred LTF and STA revenue discussed further in Note E. The change in the net position is a decrease of $1,306,415.

It is the opinion of management that unrestricted net position of $1,532,411 is a positive indicator of the fiscal condition for the Authority. Based on projected future needs, the Authority can continue to operate under its current cash management methodology in all areas such as grant management, current and long-term liability payments, and operating expenses.

The Balance Sheet reflects unearned revenue of $12,368,930 with details in the Notes to Financial Statements Note E; this is an increase from the prior year of $4,205,025.

Current Liabilities include the recognition of Long-term debt – due within one year; this is the current portion due compensated absences of $196,519 and lease liability.

Transportation Development Act (TDA)

Enacted by the California legislature in 1972, the Mills-Alquist-Deddeh Act, better known as the Transportation Development Act (TDA) provides a major source of funding for public transportation implemented by regional transportation planning agencies. TDA statutes are under Government Code Title 3, Division 3, Chapter 2, Article 11 and Public Utilities Code Division 10, Part 11, Chapter 4, Articles 1 – 8.

Each county establishes a Local Transportation Fund (LTF) for TDA purposes. LTF revenues are derived from ¼ cent of the retail sales tax dollars collected statewide. The State Board of Equalization returns the ¼ cent to each county according to the amount of tax collected within its boundaries. As noted, the Authority normally utilizes all the TDA available for transit. TDA for transit operating is determined following the allocation of TDA to the Tahoe Region of El Dorado County, El Dorado County Auditor, Sacramento Area Council of Governments and El Dorado County Transportation Commission.

Annual audits of TDA recipients include a compliance report to verify that the allocations are made within California Code of Regulations.

The Authority is not a general fund recipient from either JPA member jurisdiction as described in Note A; therefore, budget development includes a contingency for unplanned expenses at three percent (3%) for the preliminary budget process. The Authority approved a preliminary $770,134 contingency for fiscal year 2022/23. Considering the fluctuations in the Pension Liability; it is management's opinion that this practice is still appropriate and vital for cash flow purposes.

Capital Assets

As of June 30, 2023, the Authority has invested $10,792,826 in buildings and improvements, transit vehicles and construction in progress, net of depreciation. Additional information on the Authority's capital assets is provided in Note C of the Notes to Financial Statements.

Long-Term Liabilities

As of June 30, 2023, the Authority's noncurrent liabilities included one-half (1/2) of the accrued compensated employee absences, the Net Pension Liability, and the Net Other Post-Employment Benefit liabilities. The Net Pension Liability has increased by $3,003,005, due to investment losses on plan assets and a reduction in the discount rate used to calculate the liability. An additional payment of $1,378,856 was made in FY 23, which will be reflected in the next period. Additional information about the Authority's long-term liabilities is provided in Note D of the Notes to Financial Statements.

Economic Factors and Related Budget Impact

The ability to fund public transportation is closely related to the local and regional economies. Approximately seventy-one percent (71%) of the Authority's operating and non-operating revenues are TDA funds including LTF, State Transit Assistance (STA) and State of Good Repair (SGR) funds derived from retail sales tax receipts in the western slope of El Dorado County for fiscal year 2022/23. While Fiscal Year 2022/23 saw an increase to current LTF receipts, the County Auditor has indicated this is anticipated to go down due to changed State sales tax recovery procedures.

Research and demographic reporting indicate a projected growth in senior populations. This increase of senior residents on the western slope of El Dorado County will create demand for additional public transit options.

Requests for Information

This discussion is designed to provide general overview to those persons with an interest in the Authority's financial position. Questions or comments may be directed to:

Julie Petersen, Finance Manager
El Dorado County Transit Authority
6565 Commerce Way
Diamond Springs, CA 95619

EL DORADO COUNTY TRANSIT AUTHORITY

BALANCE SHEETS

June 30, 2023 and 2022

	2023	Restated 2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 8,194,149	$ 7,070,738
Restricted cash and cash equivalents	981,877	563,291
Accounts receivable	30,889	14,667
Accrued interest receivable	10,244	2,401
Due from other governments	6,026,677	4,753,313
Inventory	360,167	290,504
Other assets		6,106
TOTAL CURRENT ASSETS	15,604,003	12,701,020
NONCURRENT ASSETS		
Net other postemployment benefits (OPEB) asset	144,638	182,823
Capital assets:		
Not depreciated	856,958	836,605
Depreciated, net	9,935,868	11,535,164
Total capital assets	10,792,826	12,371,769
TOTAL NONCURRENT ASSETS	10,937,464	12,554,592
TOTAL ASSETS	26,541,467	25,255,612
DEFERRED OUTFLOWS OF RESOURCES		
Pension plan	4,183,188	962,118
OPEB plan	107,451	171,938
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,290,639	1,134,056
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 30,832,106	$ 26,389,668

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EL DORADO COUNTY TRANSIT AUTHORITY

BALANCE SHEETS (Continued)

June 30, 2023 and 2022

	2023	Restated 2022
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$ 228,913	$ 185,047
Accrued expenses	133,653	107,775
Unearned revenues	12,368,930	8,163,905
Compensated absences, due within one year	196,519	197,894
Capital lease, due within one year	64,872	254,146
TOTAL CURRENT LIABILITIES	12,992,887	8,908,767
LONG-TERM LIABILITIES		
Compensated absences, due in more than one year	196,519	197,895
Capital lease, due in more than one year		64,872
Net pension liability	4,469,477	1,466,472
TOTAL LONG-TERM LIABILITIES	4,665,996	1,729,239
TOTAL LIABILITIES	17,658,883	10,638,006
DEFERRED INFLOWS OF RESOURCES		
Pension plan	167,601	1,328,392
OPEB plan	201,613	312,846
TOTAL DEFERRED INFLOWS OF RESOURCES	369,214	1,641,238
NET POSITION		
Net investment in capital assets	10,727,954	12,052,751
Restricted for other postemployment benefits	144,638	182,823
Restricted for pension benefits	381,606	372,755
Restricted for transit vehicle purchases	17,400	12,200
Unrestricted	1,532,411	1,489,895
TOTAL NET POSITION	12,804,009	14,110,424
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 30,832,106	$ 26,389,668

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

EL DORADO COUNTY TRANSIT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended June 30, 2023 and 2022

	2023	Restated 2022
OPERATING REVENUES		
Fares	$ 652,008	$ 509,166
Special transit	144,956	160,185
TOTAL OPERATING REVENUES	796,964	669,351
OPERATING EXPENSES		
Operating expenses	7,385,480	6,164,905
Depreciation and amortization	1,608,837	1,812,485
TOTAL OPERATING EXPENSES	8,994,317	7,977,390
OPERATING LOSS	(8,197,353)	(7,308,039)
NONOPERATING REVENUES (EXPENSES)		
Local transportation fund allocation	4,940,728	3,602,315
State of good repair		275,343
Federal transit administration grants	1,731,998	1,713,653
State operating grants	75,000	50,000
Local operating grants	25,966	20,738
Other nonoperating revenues	15,954	27,529
Investment income/(loss)	97,858	(22,064)
Interest expense	(6,097)	(17,636)
Gain on disposal of capital assets	9,531	
TOTAL NONOPERATING REVENUES (EXPENSES)	6,890,938	5,649,878
LOSS BEFORE CAPITAL CONTRIBUTIONS	(1,306,415)	(1,658,161)
CAPITAL CONTRIBUTIONS		
Federal grants		80,503
Local transportation fund allocation		389,132
TOTAL CAPITAL CONTRIBUTIONS		469,635
CHANGE IN NET POSITION	(1,306,415)	(1,188,526)
Net position, beginning of year	14,110,424	15,098,950
Restatement		200,000
	14,110,424	15,298,950
NET POSITION, END OF YEAR	$ 12,804,009	$ 14,110,424

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

EL DORADO COUNTY TRANSIT AUTHORITY

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2023 and 2022

	2023	Restated 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 780,742	$ 845,416
Cash paid to suppliers for goods and services	(2,404,834)	(2,595,818)
Cash paid to employees for services	(6,355,776)	(4,683,031)
NET CASH USED BY OPERATING ACTIVITIES	(7,979,868)	(6,433,433)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grants and subsidies	8,827,122	6,404,250
Miscellaneous revenues (expenses)	15,954	27,529
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	8,843,076	6,431,779
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Grants received for capital acquisitions	878,231	2,875,069
Acquisition of capital assets	(29,894)	(206,192)
Payments on capital lease	(254,146)	(245,807)
Interest paid	(6,097)	(17,636)
Proceeds from disposal of capital assets	9,531	
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	597,625	2,405,434
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings	81,164	3,824
NET CASH PROVIDED BY INVESTING ACTIVITIES	81,164	3,824
INCREASE IN CASH AND CASH EQUIVALENTS	1,541,997	2,407,604
Cash and cash equivalents, beginning of year	7,634,029	5,226,425
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 9,176,026	$ 7,634,029
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET		
Cash and cash equivalents	$ 8,194,149	$ 7,070,738
Restricted cash and cash equivalents	981,877	563,291
TOTAL CASH AND CASH EQUIVALENTS	$ 9,176,026	$ 7,634,029

(Continued)

EL DORADO COUNTY TRANSIT AUTHORITY

STATEMENTS OF CASH FLOWS (Continued)

For the Years Ended June 30, 2023 and 2022

	2023	Restated 2022
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	$ (8,197,353)	$ (7,308,039)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation and amortization	1,608,837	1,812,485
Unrealized gains/losses on trust assets	8,851	
Changes in operating assets and liabilities:		
Accounts receivable	(16,222)	176,065
Inventory	(69,663)	(33,315)
Other assets	6,106	(176)
Net OPEB asset	38,185	(182,823)
Deferred outflows - pension plan	(3,221,070)	78,754
Deferred outflows - OPEB plan	64,487	(60,580)
Accounts payable	43,866	(236,332)
Accrued expenses	25,878	(10,201)
Compensated absences	(2,751)	25,697
Net pension liability	3,003,005	(2,074,549)
Net OPEB liability		(119,166)
Deferred inflows - pension plan	(1,160,791)	1,261,779
Deferred inflows - OPEB plan	(111,233)	236,968
NET CASH USED BY OPERATING ACTIVITIES	$ (7,979,868)	$ (6,433,433)

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the El Dorado County Transit Authority (the Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority follows Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the Authority's accounting policies are described below.

Description of Reporting Entity: The El Dorado Transit, the predecessor to the Authority, was created in the late 1970's to initially provide transit services for the elderly and handicapped and, subsequently, to meet the transportation needs of the general public for the western slope of El Dorado County as part of the El Dorado County's Enterprise Fund. A Joint Exercise of Powers Agreement was signed between El Dorado County and the City of Placerville whereby the Authority would operate as a Joint Powers Agency pursuant to Section 6500 of the California Government Code and would be administratively separated from the County. The Authority's operations were separated from the El Dorado County Enterprise Fund on January 1, 1994. In addition to fare revenues, the Authority receives funds under the provisions of the Transportation Development Act from the El Dorado County Transportation Commission's Local Transportation Fund and State Transit Assistance Fund. The Authority also receives revenue from other federal and state grantor agencies.

The Authority offers the following services: Commuter service to downtown Sacramento with separate service connecting to light rail in Folsom, California; fixed route bus service to the communities of Pollock Pines, Camino, Placerville, El Dorado, Diamond Springs, Shingle Springs, Cameron Park, and non-emergency medical transportation to Sacramento County. The Authority also provides shared-ride services for elderly and disabled persons including activity program transportation for persons attending programs offered by the Mother Lode Rehabilitation Enterprise and New West Dialysis Clinic; Americans with Disabilities Act (ADA) services for eligible persons and Dial-A-Ride Services for those persons unable to access the regular bus route system. The Authority offers charter bus services, in which a fee is charged to cover the costs of the charter, and contract services for Alta California Regional Center.

All significant activities on which the Authority exercises oversight responsibility have been included in the financial statements. The Authority is governed by a Board of Directors comprised of five members, with three members appointed by the Board of Supervisors of El Dorado County and two members appointed by the City Council of the City of Placerville.

Basis of Presentation: The Authority's resources are allocated to and accounted for in these financial statements as an enterprise fund type of the proprietary fund group. The enterprise fund is 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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Authority 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 earned.

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 Authority are charges to passengers for public transit services. Operating expenses for the Authority 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 Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the Authority considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents, including bank deposits and the investment in the State of California Local Agency Investment Fund (LAIF).

Restricted Cash and Investments: The amount reported as restricted cash and investments consist of unexpended Low Carbon Transit Operations Program (LCTOP) and funds deposited into a Section 115 plan trust related to the pension plan.

Accounts Receivable and Due from Other Governments: Accounts receivable consists mainly of amounts due from passengers and other agencies for fares. Amounts due from other governments consist mostly of amounts due from operating and capital grants. Management believes its accounts receivable and amounts due from other governments to be fully collectible and, accordingly, no allowance for doubtful accounts is required.

Inventory: Inventories are valued at cost, which is determined on an average cost basis, and consist primarily of transit vehicle parts and supplies held for consumption. The cost is recorded as an expense when the items are consumed in operations.

Capital Assets: Capital assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Capital assets are defined as assets with an initial cost of $1,000 or more and an estimated useful life in excess of one year. Donated capital assets are recorded at the acquisition value,

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 assets which range from three to forty years. 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. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Unearned Revenues: Unearned revenues arise when resources are received by the Authority 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. Information on unearned revenues is reported in Note E.

Compensated Absences: The Authority's policy allows employees to accumulate earned but unused vacation, sick leave, and compensatory time off that will be paid to employees upon separation from the Authority's service, subject to a vesting policy. The cost of vacation, sick leave and compensatory time off is recognized in the period earned by the employee.

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 debt used to purchase capital assets reduces the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The Authority's restricted net position at June 30, 2023 and 2022 represents insurance proceeds that are required by federal regulation to be used for another bus purchase.

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

Deferred Outflows and Inflows of Resources: In addition to liabilities, the statement of net position reports separate sections for deferred outflows and deferred inflows of resources. *Deferred outflows of resources* represent a consumption of net position by the government that is applicable to a future reporting period. *Deferred inflows of resources* represent an acquisition of net position that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expense) or an inflow of resources (revenue) until the earning process is complete. Deferred outflows and inflows of resources represent amounts deferred related to the Authority's pension and OPEB plans as described in Notes G and H.

Pension Plan: For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to the pension plan, and pension expense, information about the fiduciary net position of the Authority's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Use of Estimates: The preparation of financial statements in 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.

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

The Authority is currently analyzing the impact of this new Statement on the financial statements.

NOTE B – CASH AND CASH EQUIVALENTS

The Authority's cash and cash equivalents as of June 30, 2023 and 2022 consisted of the following:

	2023	2022
Cash on hand	$ 200	$ 200
Deposits in financial institutions	7,489,502	5,978,599
Investment in the Local Agency Investment Fund	1,304,718	1,282,475
Investments held by pension trust (CEPPT)	381,606	372,755
	$ 9,176,026	$ 7,634,029

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

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

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2023 and 2022, the weighted average maturity of the investment in LAIF was approximately 260 and 311 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. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

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

At June 30, 2023 and 2022, the carrying amounts of the Authority's deposits were $7,489,502 and $5,978,599, respectively, and the balances in financial institutions were $7,422,297 and $5,984,351, respectively. Of the balance in financial institutions, $250,000 was covered by federal depository insurance and $7,172,297 and $5,734,351 at June 30, 2023 and 2022, respectively, was covered by the pledging financial institution with assets held in a common pool for the Authority and other governmental agencies, but not in the name of the Authority.

Investment in LAIF: LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury's Pooled Money Investment Account (PMIA) through which local governments may pool investments. The total fair value amount invested by all public agencies in PMIA was $176,442,053,163 managed by the State Treasurer. Of that amount, 2.78% is invested in structured notes and asset-backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The amortized cost of the Authority's investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

Investments in Pension Trust: The Commission established a Section 115 trust account with CalPERS entitled California Employers' Pension Prefunding Trust (CEPPT) to hold assets that are legally restricted for use in administering the Authority's pension plan. Trust account holders can select from two strategy options for investments. The Authority has invested in both the asset allocation Strategy 1 and 2 portfolios. Both portfolios seek to provide capital appreciation and income, but the Strategy 1 portfolio has a higher allocation to equities than bonds.

NOTE C – CAPITAL ASSETS

Capital assets consisted of the following at June 30:

	Balance at June 30, 2022	Additions	Retirements	Transfers	Balance at June 30, 2023
Capital assets, not being depreciated:					
Land	$ 602,510				$ 602,510
Construction in progress	234,095	$ 20,353			254,448
Total capital assets, not being depreciated	836,605	20,353	-	-	856,958
Capital assets, being depreciated:					
Buildings and improvements	7,153,033				7,153,033
Transit vehicles	17,220,812		$ (629,687)		16,591,125
Equipment	3,009,068	9,541			3,018,609
Total capital assets, being depreciated	27,382,913	9,541	(629,687)	-	26,762,767
Less accumulated depreciation:					
Building and improvements	(2,881,787)	(321,560)			(3,203,347)
Transit vehicles	(10,804,772)	(1,058,402)	629,687		(11,233,487)
Equipment	(2,161,190)	(228,875)			(2,390,065)
Total accumulated depreciation	(15,847,749)	(1,608,837)	629,687	-	(16,826,899)
Total capital assets being depreciated, net	11,535,164	(1,599,296)	-	-	9,935,868
Capital assets, net	$ 12,371,769	$ (1,578,943)	$ -	$ -	$ 10,792,826

NOTE C – CAPITAL ASSETS (Continued)

	Balance at June 30, 2021	Additions	Retirements	Transfers	Balance at June 30, 2022
Capital assets, not being depreciated:					
Land	$ 602,510				$ 602,510
Construction in progress	234,050	$ 45			234,095
Total capital assets, not being depreciated	836,560	45		-	836,605
Capital assets, being					
Buildings and improvements	7,144,313	8,720			7,153,033
Transit vehicles	17,197,965	22,847			17,220,812
Equipment	2,834,488	174,580			3,009,068
Total capital assets, being depreciated	27,176,766	206,147	-	-	27,382,913
Less accumulated depreciation:					
Building and improvements	(2,555,562)	(326,225)			(2,881,787)
Transit vehicles	(9,542,711)	(1,262,061)			(10,804,772)
Equipment	(1,936,991)	(224,199)			(2,161,190)
Total accumulated depreciation	(14,035,264)	(1,812,485)	-	-	(15,847,749)
Total capital assets being depreciated, net	13,141,502	(1,606,338)	-	-	11,535,164
Capital assets, net	$ 13,978,062	$ (1,606,293)	$ -	$ -	$ 12,371,769

NOTE D – LONG-TERM LIABILITIES

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

	Balance at June 30, 2022	Additions	Retirements	Balance at June 30, 2023	Due Within One Year
Compensated absences	$ 395,789	$ 195,143	$ (197,894)	$ 393,038	$ 196,519
Lease liability	319,018		(254,146)	64,872	64,872
Net pension liability	1,466,472	3,003,005		4,469,477	
	$ 2,181,279	$ 3,198,148	$ (452,040)	$ 4,927,387	$ 261,391

	Balance at June 30, 2021	Additions	Retirements	Balance at June 30, 2022	Due Within One Year
Compensated absences	$ 370,092	$ 210,743	$ (185,046)	$ 395,789	$ 197,894
Lease liability	564,825		(245,807)	319,018	254,146
Net pension liability	3,541,021		(2,074,549)	1,466,472	
Net OPEB liability	119,166		(119,166)		
	$ 4,595,104	$ 210,743	$ (2,624,568)	$ 2,181,279	$ 452,040

NOTE D – LONG-TERM LIABILITIES (Continued)

In July 2018, the Authority entered into an installment sale agreement to finance vehicles purchased in June 2018, which requires quarterly payments of $65,416 through July 2023, including interest at 3.35%. The Agreement is secured by five commuter buses. Should the Authority default on the payments, interest will be owed from due date to payment date at 12% and the vehicles are subject to repossession.

As of June 30, future minimum lease payments under the capital lease obligation are as follows:

Year Ending	2023		2022	
June 30:	Principal	Interest	Principal	Interest
2023			$ 254,146	$ 7,517
2024	$ 64,872	$ 543	64,872	543
Totals	$ 64,872	$ 543	$ 319,018	$ 8,060

NOTE E – UNEARNED REVENUES

A schedule of changes in unearned revenue for the year ended June 30, 2023 and 2022 is as follows:

	LTF Operating	STA Operating/ Capital	State of Good Repair	LCTOP	Total
Balance, June 30, 2022	$ 1,649,704	$ 6,373,678		$ 140,523	$ 8,163,905
Allocations	6,030,362	2,441,865	$ 288,777	453,215	9,214,219
Grants and other	1,937,925			6,533	1,944,458
Fares	796,964				796,964
Expenses	(7,675,616)			(75,000)	(7,750,616)
Balance, June 30, 2023	$ 2,739,339	$ 8,815,543	$ 288,777	$ 525,271	$ 12,368,930

	LTF Operating	STA Operating/ Capital	State of Good Repair	LCTOP	Total
Balance, June 30, 2021	$ 74,688	$ 4,694,171			$ 4,768,859
Allocations	5,566,463	1,679,507	$ 275,342	$ 190,523	7,711,835
Grants and other	2,093,239			13	2,093,252
Fares	669,351				669,351
Expenses	(6,754,037)		(275,342)	(50,013)	(7,079,392)
Balance, June 30, 2022	$ 1,649,704	$ 6,373,678	$ -	$ 140,523	$ 8,163,905

NOTE E – UNEARNED REVENUES (Continued)

Local Transportation Fund: The Local Transportation Fund (LTF) provides support to the transit system to fund its operation. The Transportation Development Act (TDA) requires that funds in excess of actual operating costs as defined by section 6634 of the California Code of Regulations must be either returned to their source or retained and used in the following fiscal year. The maximum amount allowed is based on operating costs after certain adjustments. Allocations in excess of this amount are recorded as unearned revenue. The maximum LTF revenues available for the fiscal years ended June 30 were as follows:

	2023	2022
Unearned LTF allocations at beginning of year	$ 1,649,704	$ 74,688
LTF allocation		
Total amount allocated	6,030,362	5,566,463
LTF allocations available for operating costs	7,680,066	5,641,151
Maximum amount allowed:		
Operating expenses	8,994,317	8,177,390
Less: Depreciation	(1,608,837)	(1,812,485)
Actual operating cost of existing service	7,385,480	6,364,905
Adjustments:		
Fares	(796,964)	(669,351)
Federal, state and local operating grants	(1,832,964)	(2,060,542)
Other income	(15,954)	(27,529)
Interest revenue available for operating costs	(89,007)	(5,168)
Lease payments funded with LTF	260,242	263,443
Capital assets purchased with LTF	29,894	125,689
Maximum amount allowed	4,940,727	3,991,447
Unearned LTF allocations at end of year	$ 2,739,339	$ 1,649,704

State Transit Assistance: State Transit Assistance (STA) allocations were used to fund capital asset purchases. Allocations in excess of qualifying expenses are recorded as unearned revenue. The maximum STA revenues available for the fiscal years ended June 30, 2023 and 2022 were determined as follows:

	2023	2022
Unearned STA allocations at beginning of year	$ 6,373,678	$ 4,694,171
STA allocation	2,441,865	1,679,507
STA allocations available	8,815,543	6,373,678
Maximum amount allowed:		
Capital assets purchased	-	-
Maximum amount allowed	-	-
Unearned STA allocations at end of year	$ 8,815,543	$ 6,373,678

NOTE E – UNEARNED REVENUES (Continued)

State of Good Repair: State of Good Repair (SGR) allocations are to be used for preventative maintenance for the fleet. Allocations in excess of qualifying expenses are recorded as unearned revenue. The maximum SGR revenues available for the fiscal years ended June 30, 2023 and 2022 were determined as follows:

	2023	2022
Unearned SGR allocations at beginning of year		
SGR allocation	$ 288,777	$ 275,342
SGR allocations available	288,777	275,342
Maximum amount allowed:		
Repair and rehabilitation		275,342
Maximum amount allowed		275,342
Unearned SGR allocations at end of year	$ 288,777	$ -

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 expended were verified in the course of the audit as follows:

	2023	2022
Unearned LCTOP allocations at beginning of year	$ 140,523	
LCTOP received	453,215	$ 190,523
Interest earnings	6,533	13
Expenses incurred:		
Reduced and/or free fares	(75,000)	(50,013)
Unexpended proceeds	$ 525,271	$ 140,523

The unexpended is amount restricted for zero emission vehicles and charging or filling infrastructure.

NOTE F – FARE REVENUE RATIO

The Authority is required to maintain a fare revenue to operating expense ratio in accordance with the Transportation Development Act. The fare revenue to operating expenses ratio for the Authority is calculated as follows for the year ended June 30:

NOTE F – FARE REVENUE RATIO (Continued)

	2023	2022
Fare revenues	$ 652,008	$ 509,166
Special transit fares	144,956	160,185
Federal grant funds	1,731,998	1,713,653
Other local funds	100,966	32,710
Fare revenues and local funds	2,629,928	2,415,714
Operating expenses	8,994,317	7,977,390
Less allowable exclusions:		
Depreciation and amortization	(1,608,837)	(1,812,485)
Net operating expenses	$ 7,385,480	$ 6,164,905
Fare revenue ratio	35.61%	39.18%

The Authority complied with the required 12.22% fare revenue for the year ended June 30, 2023 and 2022. Assembly Bill (AB) 149 permits the inclusion of federal funds as local support, which allows the Authority to meet its fare revenue ratio.

NOTE G – PENSION PLAN

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

- Miscellaneous Rate Plan
- PEPRA Miscellaneous Rate Plan

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

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 (52 for PEPRA Miscellaneous Rate Plan) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is the following: the 1959 Survivor Benefit, level 3 or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law.

NOTE G – PENSION PLAN (Continued)

The Plan's provisions and benefits in effect at June 30, 2023 and 2022, are summarized as follows:

Hire date	Miscellaneous Rate Plan (Prior to January 1, 2013)	PEPRA Miscellaneous Rate Plan (On or after January 1, 2013)
Benefit formula (at full retirement)	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates 2022/23	7.000%	7.25%
Required employer contribution rates 2022/23	11.61%	7.76%
Required employee contribution rates 2021/22	7.00%	7.25%
Required employer contribution rates 2021/22	11.60%	7.73%

In addition to the contribution rate above, the Authority was also required to make a payment of $309,515 and $422,405 towards its unfunded actuarial liability during the years ended June 30, 2023 and 2022, respectively.

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

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

The contributions to the Plan were $2,229,670 and $675,667 for the years ended June 30, 2023 and 2022, respectively.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources: As of June 30, 2023 and 2022, the Authority reported a net pension liability for its proportionate share of the net pension liability of the Plan of $4,469,477 and $1,466,472, respectively.

The Authority's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability as of June 30, 2023 and 2022 is measured as of June 30, 2022 and 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 and 2020 rolled forward to June 30, 2022 and 2021 using standard update procedures. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-

NOTE G – PENSION PLAN (Continued)

term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Authority's proportionate share of the net pension liability as of June 30, 2023 and 2022 was as follows:

	2023	2022
Proportion - June 30, 2023	0.09552%	
Proportion - June 30, 2022	0.07723%	
Change - Increase (Decrease)	0.01829%	
Proportion - June 30, 2022		0.07723%
Proportion - June 30, 2021		0.08395%
Change - Increase (Decrease)		-0.00672%

For the years ended June 30, 2023 and 2022, the Authority recognized a pension expense of $175,148 and a pension credit of $672,900, respectively. At June 30, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 2,229,670		$ 675,667	
Differences between actual and expected experience	89,755	$ (60,114)	164,449	
Differences betweeen the employer's contribution and the employer's proportionate share of contributions		(107,487)		$ (48,240)
Change of assumptions	457,991			
Change in employer's proportion	587,082		122,002	
Net differences between projected and actual earnings on plan investments	818,690			(1,280,152)
Total	$ 4,183,188	$ (167,601)	$ 962,118	$ (1,328,392)

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

Fiscal Year Ended June 30	2023	2022
2023		$ (187,987)
2024	$ 530,873	(224,517)
2025	471,647	(275,669)
2026	282,659	(353,768)
2027	500,738	
	$ 1,785,917	$(1,041,941)

NOTE G – PENSION PLAN (Continued)

Actuarial Assumptions: The total pension liabilities in the actuarial valuations for the Plan were determined using the following actuarial assumptions:

	2023	2022
Valuation Date	June 30, 2021	June 30, 2020
Measurement Date	June 30, 2022	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate (1)	6.90%	7.15%
Inflation	2.30%	2.50%
Projected Salary Increases	Varies by age and service	Varies by age and service
Mortality	Derived using CalPERS Membership Data for all Funds	Derived using CalPERS Membership Data for all Funds

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

The underlying mortality assumptions was developed based on CalPERS-specific data. The rates for June 30, 2023 incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. The table for June 30, 2022 includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP2016. Further details can be found on the CalPERS website.

Discount Rate: The discount rate used to measure the total pension liability was 6.90% and 7.15% for the years ended June 30, 2022 and 2021, respectively. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

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

NOTE G – PENSION PLAN (Continued)

The table below reflects the long-term expected real rate of return by asset class for the Plans as of the measurement dates of June 30. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

	2023			2022		
Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global equity - cap weighted	30%	4.45%				
Global equity non-cap-weighted	12%	3.84%				
Treasury	5%	0.27%				
Mortgage-backed Securities	5%	50.00%				
Investment Grade Corporates	10%	1.56%				
High Yield	5%	2.27%				
Emerging Market Debt	5%	2.48%				
Private Debt	5%	3.57%				
Leverage	-5%	-0.59%				
Global Equity				50.0%	4.80%	5.98%
Fixed Income				28.0%	1.00%	2.62%
Inflation Assets					0.77%	1.81%
Private Equity	13%	7.28%		8.0%	6.30%	7.23%
Real Assets	15%	3.21%		13.0%	3.75%	4.93%
Liquidity				1.0%		(0.92)%
Total	100.0%			100.0%		

(a) An expected inflation of 2.30% used for this period.
(b) An expected inflation of 2.92% used for this period.

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

	2023	2022
1% Decrease	5.90%	6.15%
Net Pension Liability	$ 7,153,424	$ 3,828,277
Current Discount Rate	6.90%	7.15%
Net Pension Liability	$ 4,469,477	$ 1,466,472
1% Increase	7.90%	8.15%
Net Pension Liability	$ 2,261,255	$ (485,999)

NOTE G – PENSION PLAN (Continued)

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

Payable to the Pension Plan: At June 30, 2023 and 2022, there was no payable to the Plan.

NOTE H – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

Benefit's Provided: The Authority provides a retiree medical contribution for employees who retire directly from the Authority under CalPERS. The Plan requires the employee to satisfy the requirements for retirement under CalPERS, which requires attainment of age 50 (52 for PEPRA employees) with 5 years of public agency experience or approved disability retirement, and begin retirement within 120 days of terminating employment with the Authority. The Authority's contribution is capped at 5% times the number of years the Authority has contracted with PEHMCA, multiplied by the CalPERS' Minimum Employer Contribution (MEC), which was $120.80 and $111.75 in 2023 and 2022, respectively. The assumed future increases in the MEC was changed from 4.5% to 4% during 2020. The Retired plan members and their beneficiaries will pay the annual premium cost not paid by the employer. The benefit continues to surviving spouses and dependents.

Employees Covered by Benefit Terms: At June 30, 2023 and 2022, the following employees were covered by the benefit terms:

	2023	2022
Inactive employees or beneficiaries currently receiving benefit payments	5	5
Inactive plan members not receiving benefits	7	7
Active employees	23	23
Total	35	35

Contributions: The Authority prefunds the plan by contributing at least 100% of actuarially determined contributions (ADC) to the CERBT. Employees are not required to contribute to the Plan. During the fiscal year ended June 30, 2023, the Authority's benefit payments were $8,260 and the estimated implied subsidy was $1,733 resulting in total payments of $9,993. During the fiscal year ended June 30, 2022, the Authority's cash contributions (ADC) to the trust were $105,030, benefit payments were $6,671 and the estimated implied subsidy was $10,735, resulting in total payments of $122,436.

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

Net OPEB Liability: The Authority's net OPEB liability at June 30, 2023 and 2022 was measured as of June 30, 2022 and 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021.

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

	2023	2022
Valuation date	June 30, 2021	June 30, 2021
Measurement date	June 30, 2022	June 30, 2021
Actuarial cost method	Entry-age normal cost method, level percent of pay	
Actuarial assumptions:		
Discount rate	6.19%	6.19%
Salary increases	3.00% per year	3.00% per year
General inflation rate	2.50%	2.50%
Mortality rate	MacLeod Watts Scale 2022	MacLeod Watts Scale 2022
Healthcare trend rate	6.5% in 2021 to 5% in 2024 and later	6.5% in 2021 to 5% in 2024 and later

Demographic actuarial assumptions in both 2023 and 2022 are based on the 2017 CalPERS experience study using data from 1997 to 2015, except for a different basis used to project future mortality improvements, and mortality rates used were those published by CalPERS, adjusted to back out 15 years of Scale MP 2016 to central year 2015, then projected.

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

	2023		2022	
Asset Class	Percentage of Portfolio	Assumed Gross Return	Percentage of Portfolio	Assumed Gross Return
Global Equity	49.0%	4.50%	49.0%	4.50%
Fixed Income	23.0%	2.20%	23.0%	0.40%
Global Real Estate Investment Trusts (REITs)	20.0%	3.90%	20.0%	3.70%
Tresaury Inflation Protected Securities (TIPS)	5.0%	1.30%	5.0%	0.50%
Commodities	3.0%	1.20%	3.0%	1.10%
	100.0%		100.0%	

Discount Rate: The discount rate used to measure the total OPEB liability was 6.19% for the years ended June 30, 2023 and 2022. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all

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

projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

	2023			2022		
	Increase (Decrease)			Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at beginning of year	$ 484,217	$ 667,040	$ (182,823)	$ 602,069	$ 482,903	$ 119,166
Changes in the year:						
Service cost	34,728		34,728	37,841		37,841
Interest	31,584		31,584	42,704		42,704
Changes in assumptions				38,690		38,690
Contributions - employer		122,436	(122,436)		83,998	(83,998)
Net investment income		(94,135)	94,135		133,299	(133,299)
Plan experiences			-	(204,111)		(204,111)
Benefit payments	(17,406)	(17,406)		(32,976)	(32,976)	
Administrative and other expenses		(174)	174		(184)	184
Net changes	48,906	10,721	38,185	(117,852)	184,137	(301,989)
Balance at end of year	$ 533,123	$ 677,761	$ (144,638)	$ 484,217	$ 667,040	$ (182,823)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates: The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	2023			2022		
	1% Decrease 5.19%	Current Discount Rate 6.19%	1% Increase 7.19%	1% Decrease 5.19%	Current Discount Rate 6.19%	1% Increase 7.19%
Net OPEB liability/ (asset)	$ (71,061)	$ (144,638)	$ (205,619)	$ (115,081)	$ (182,823)	$ (238,882)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	2023			2022		
	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB liability/ (asset)	$ (216,838)	$ (144,638)	$ (55,155)	$ (248,400)	$ (182,823)	$ (101,549)

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

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources: For the year ended June 30, 2023 the Authority recognized OPEB expense of $1,432. For the year ended June 30, 2022 the Authority recognized an OPEB credit of $108,279. At June 30, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 9,993		$ 122,436	
Change in assumptions	37,652	$ (44,345)	44,841	$ (56,169)
Difference between expected and actual experience	3,795	(157,268)	4,661	(184,632)
Net differences between projected and actual earnings on plan investments	56,011			(72,045)
Total	$ 107,451	$ (201,613)	$ 171,938	$ (312,846)

The amount reported as deferred outflows of resources related to contributions after the measurement date will be recognized as a reduction of the OPEB liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	2023	2022
2023		$ (48,253)
2024	$ (20,655)	(48,389)
2025	(21,373)	(49,107)
2026	(21,593)	(49,327)
2027	2,298	(25,436)
2028	(23,249)	
Thereafter	(19,583)	(42,832)
	$ (104,155)	$ (263,344)

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

The recognition period differs depending on the source of the gain or loss. The net difference between projected and actual earnings on OPEB plan investments is recognized over 5 years. All other amounts are recognized over the expected average remaining service lifetime (EARSL), which was 7.94 years at June 30, 2023 and 2022 respectively.

NOTE I – INSURANCE COVERAGE

The Authority participates in the California Transit Insurance Pool (CalTIP), a joint powers public entity risk pool of governmental transit operators within California, for general, automobile, public officials errors and omissions liability and vehicle physical damage (collision and comprehensive). The Authority is provided with an excess coverage fund for these items through commercial insurance. Loss contingency reserves established by CalTIP are funded by contributions from member agencies. The Authority pays an annual premium to CalTIP that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the CalTIP. The Authority's deductibles and maximum coverage under CalTIP were as follows at June 30, 2023 and 2022:

	Pool Coverage	Deductible
General, Auto and Public Officials Errors & Omissions Liability	$ 25,000,000	None
Vehicle Physical Damage	100,000	$500 to $5,000
Employement Practices	1,000,000	50,000

CalTIP is governed by a Board of Directors and member agencies are entitled to representation on the board. Upon termination of the JPA agreements, all property of CalTIP would be returned the respective parties that transferred the property to CalTIP and any surplus of funds and assets would be returned to the parties in proportion to actual balances of each entity. Complete financial information for CalTIP is available at 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

The Authority has been covered for excess worker's compensation and employer's liability through a pooled commercial insurance policy held by the Special District Risk Management Authority pool since July 1, 2002. The Authority pays a pro-rata share of the annual premiums. The Authority continues to carry commercial insurance for property loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the past three fiscal years.

NOTE J – RELATED PARTY TRANSACTIONS

Certain members of the Authority's Board of Directors are also members of the Board of Supervisors of the County of El Dorado, the City Council of the City of Placerville and El Dorado County Transportation Commission. During the years ended June 30, 2023 and 2022, the Authority had the following related party transactions:

NOTE J – RELATED PARTY TRANSACTIONS (Continued)

	2023	2022
City of Placerville:		
Bus shelter maintenance expense	$ 1,320	$ 990
Background checks	320	100
	$ 1,640	$ 1,090
County of El Dorado:		
Health insurance	$ 61,679	$ 24,433
Operating expense	1,132	
Bass Lake Park and Ride	124	
Employee Medical Exams	1,026	
	$ 63,961	$ 24,433
Accounts payable due to City of Placerville	$ 18,507	$ 18,507

NOTE K – CONCENTRATIONS

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

NOTE L – CONTINGENCIES

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

NOTE M - RESTATEMENT

During the year ended June 30, 2023, the Authority determined that deposits made into a Section 115 pension trust were expensed instead of recording the trust account as a restricted asset. This correction was made during the year ended June 30, 2023. As a result, net position as of July 1, 2021 was increased by $200,000, restricted cash as of June 30, 2022 was increased by $372,755, investment earnings for the year ended June 30, 2022 was decreased by $27,245 for investment losses and operating expenses for the year ended June 30, 2022 were decreased by $200,000.

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REQUIRED SUPPLEMENTARY INFORMATION

EL DORADO COUNTY TRANSIT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2023

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

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Proportion of the net pension liability	0.09552%	0.07723%	0.08395%	0.08084%	0.07830%	0.07801%	0.07525%	0.07506%	0.08214%
Proportionate share of the net pension liability	$ 4,469,477	$ 1,466,472	$ 3,541,021	$ 3,237,285	$ 2,950,847	$ 3,075,371	$ 2,614,209	$ 2,059,218	$ 2,030,067
Covered payroll - measurement period	$ 2,590,422	$ 2,518,395	$ 3,242,161	$ 3,210,246	$ 3,211,654	$ 2,918,283	$ 2,715,385	$ 2,337,069	$ 2,239,465
Proportionate share of the net pension liability as a percentage of covered payroll	172.54%	58.23%	109.22%	100.84%	91.88%	105.38%	96.27%	88.11%	90.65%
Plan fiduciary net position as a percentage of the total pension liability	77.30%	91.80%	78.55%	78.86%	79.15%	78.02%	75.57%	78.40%	79.82%
Notes to Schedule:									
Reporting valuation date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Reporting measurement date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

Changes in assumptions: The discount rate change from 7.50% in 2015 to 7.65% in 2016 and 2017 and 7.15% in 2018 valuation.

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

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	$ 850,814	$ 675,667	$ 614,552	$ 531,657	$ 487,574	$ 438,662	$ 396,093	$ 362,047	$ 325,550
Contributions in relation to the actuarially determined contributions	(2,229,670)	(675,667)	(614,552)	(531,657)	(487,574)	(438,662)	(396,093)	(362,047)	(325,550)
Contribution deficiency (excess)	$ (1,378,856)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll - employer fiscal year	$ 2,829,080	$ 2,590,422	$ 2,518,395	$ 3,242,161	$ 3,210,246	$ 3,211,654	$ 2,918,283	$ 2,715,385	$ 2,337,069
Contributions as a percentage of covered payroll	30.07%	26.08%	24.40%	16.40%	15.19%	13.66%	13.57%	13.33%	13.93%
Notes to Schedule:									
Contribution valuation date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012

Methods and assumptions used to determine contribution rates:

Actuarial method	Entry age normal cost method								
Amortization method	Level percentage of payroll, closed								
Remaining amortization period	Varies by rate plan, but not more than 30 years								
Asset valuation method	Market value								
Inflation	2.50%	2.50%	2.50%	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Payroll growth	2.75%	2.75%	2.75%	2.875%	3.00%	3.00%	3.00%	3.00%	3.00%
Salary increases	Varies by entry age and service								
Investment rate of return and discount rate	7.00%	7.00%	7.00%	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%
Retirement age	50 to 67 years. Probabilities of retirement are based on the most recent CalPERS Experience Study.								
Mortality	Most recent CalPERS experience study								

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date. Future years will be reported prospectively as they become available.

EL DORADO COUNTY TRANSIT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2023

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)
Last 10 Years

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	$ 34,728	$ 37,841	$ 36,650	$ 43,360	$ 39,599	$ 31,222
Interest	31,584	42,704	39,457	39,626	34,753	33,711
Changes in assumptions		38,690		(60,570)	20,288	(40,263)
Differences between expected and actual experience		(204,111)		7,259		(14,513)
Benefit payments	(17,406)	(32,976)	(26,817)	(7,384)	(3,872)	(4,550)
Net change in total OPEB liability	48,906	(117,852)	49,290	22,291	90,768	5,607
Total OPEB liability - beginning	484,217	602,069	552,779	530,488	439,720	434,113
Total OPEB liability - ending (a)	$ 533,123	$ 484,217	$ 602,069	$ 552,779	$ 530,488	$ 439,720
Plan fiduciary net position						
Contributions - employer	$ 122,436	$ 83,998	$ 76,385	$ 64,791	$ 59,503	$ 55,642
Net investment income	(94,135)	133,299	21,322	21,567	20,106	19,606
Benefit payments	(17,406)	(32,976)	(26,817)	(7,384)	(3,872)	(4,550)
Administrative and other expenses	(174)	(184)	(208)	(74)	(480)	(102)
Net change in plan fiduciary net position	10,721	184,137	70,682	78,900	75,257	70,596
Plan fiduciary net position - beginning	667,040	482,903	412,221	333,321	258,064	187,468
Plan fiduciary net position - ending (b)	$ 677,761	$ 667,040	$ 482,903	$ 412,221	$ 333,321	$ 258,064
Net OPEB liability (asset) - ending (a)-(b)	$ (144,638)	$ (182,823)	$ 119,166	$ 140,558	$ 197,167	$ 181,656
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	127.13%	137.76%	80.21%	74.57%	62.83%	58.69%
Covered-employee payroll - measurement period	$ 1,433,903	$ 1,431,245	$ 1,608,842	$ 1,525,472	$ 1,472,288	$ 1,670,014
Net OPEB liability (asset) as percentage of covered-employee payroll	-10.09%	-12.77%	7.41%	9.21%	13.39%	10.88%
Notes to schedule:						
Valuation date	June 30, 2021	June 30, 2021	July 1, 2019	July 1, 2019	July 1, 2017	July 1, 2017
Measurement period - fiscal year ended	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Changes in assumptions:						
Discount rate:	6.19%	6.19%	6.85%	6.85%	7.28%	7.28%

Other changes: In 2020, assumptions were revised to use the 2017 CalPERS Experience Study, the excise tax on high cost plans was removed, spousal coverage assumption was changed from 80% to 60% and future PEMHCA Minimum Employer Contribution increase assumption was changed from 4.5% to 4%.

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

EL DORADO COUNTY TRANSIT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2023

SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN (UNAUDITED)
Last 10 Years

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution - employer fiscal year	$ 23,473	$ 22,480	$ 51,022	$ 49,568	$ 57,407	$ 55,631
Contributions in relation to the actuarially determined contributions	(9,993)	(122,436)	(83,998)	(76,385)	(64,791)	(59,503)
Contribution deficiency (excess)	$ 13,480	$ (99,956)	$ (32,976)	$ (26,817)	$ (7,384)	$ (3,872)
Covered-employee payroll - employer fiscal year	$ 1,411,794	$ 1,433,903	$ 1,431,245	$ 1,608,842	$ 1,525,472	$ 1,472,288
Contributions as a percentage of covered-employee payroll	0.71%	3.57%	5.87%	4.75%	4.25%	4.04%
Notes to Schedule:						
Valuation date	June 30, 2021	June 30, 2021	June 30, 2019	June 30, 2019	July 1, 2017	July 1, 2017
Measurement period - fiscal year ended	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Methods and assumptions used to determine contribution rates:						
Actuarial Cost Method			Entry-age normal cost method			
Amortization method			Level percentage of payroll			
Amortization period	30 years	30 years	19 years	20 years	21 years	22 years
Asset valuation method			Market value of assets			
Inflation	2.50%	2.50%	2.75%	2.75%	2.75%	3.00%
Healthcare cost trend rates	6.50% in 2021 to 5% in 2024 and thereafter	6.50% in 2021 to 5% in 2024 and thereafter	6.50% in 2021 to 5% in 2024 and thereafter	6.50% in 2021 to 5% in 2024 and thereafter	7.50% in 2019 to 5% in 2024 and thereafter	7.5% in 2018 to 5% in 2024 and thereafter
Salary increases	3.00%	3.00%	3.25%	3.25%	3.25%	3.25%
Investment rate of return	6.19%	6.19%	6.85%	6.85%	7.28%	7.28%
Retirement age			50-75 years			
Mortality/Mortality improvement	CalPERS 2017 Experience Study Projected with MW Scale 2022	CalPERS 2017 Experience Study Projected with MW Scale 2022	CalPERS 2017 Experience Study Projected with MW Scale 2018	CalPERS 2017 Experience Study Projected with MW Scale 2018	CalPERS 2014 Experience Study Projected with MW Scale 2017	CalPERS 2014 Experience Study Projected with MW Scale 2017

Note: Contributions in relation to actuarially required contributions for 2019 and 2018 were revised in 2020 to include implied subsidy payments as indicated in 2020 actuary report.

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

SUPPLEMENTARY INFORMATION

EL DORADO COUNTY TRANSIT AUTHORITY

SCHEDULES OF OPERATING EXPENSES

For the Years Ended June 30, 2023 and 2022

	2023	2022
OPERATING EXPENSES		
Salaries and wages	$ 3,041,407	$ 2,890,241
Employee benefits	1,950,079	948,669
Fuel and lubricants	574,675	576,775
General liability insurance	437,502	498,826
Vehicle maintenance	432,161	265,145
Workers compensation insurance	234,231	256,871
Professional services	183,605	222,702
Office expense	209,431	214,996
Utilities	67,841	66,952
Payroll taxes	52,970	54,704
Special department expense	37,342	40,614
Communications	32,798	34,320
Staff development and training	23,564	20,111
Household supplies	17,885	16,505
Equipment rents/leases	11,663	15,720
Safety equipment/training	3,075	14,078
Uniforms	15,803	9,807
Membership and publications	8,628	8,798
Small tools and equipment	5,717	4,162
Miscellaneous	45,103	4,909
TOTAL OPERATING EXPENSES	$ 7,385,480	$ 6,164,905

COMPLIANCE REPORTS

RICHARDSON & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

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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 Directors
El Dorado County Transit Authority
Diamond Springs, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the El Dorado County Transit Authority (the Authority), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 22, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

To the Board of Directors
El Dorado County Transit Authority

Report on Compliance and Other Matters (including other State program guidelines)

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. Our audit was further made to determine that Transportation Development Act Funds allocated and received by the Authority were expended in conformance with the applicable statutes, rules and regulations of the Transportation Development Act, Section 6667 of the California Code of Regulations and other State guidelines. 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 grant programs statutes and guidelines. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards,* the TDA or State grant programs guidelines.

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 Authority'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 State grant programs in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richardson & Company, LLP

November 22, 2023

RICHARDSON & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

El Dorado County Transit Authority
Diamond Springs, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited El Dorado County Transit Authority (the Authority) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2023. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in*

To the Board of Directors
El Dorado County Transit Authority

internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Richardson & Company, LLP

November 22, 2023

A. SUMMARY OF AUDIT RESULTS

Financial Statements	Summary of Auditor's Results
1. Type of auditor's report issued:	Unmodified opinion
2. Internal controls over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	None reported
3. Noncompliance material to financial statements noted?	No
Federal Awards	
4. Internal control over major programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	None reported
5. Type of auditor's report issued on compliance for major programs:	Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	No
7. Identification of major programs:	

CFDA Number	Name of Federal Program
20.509	Formula Grants for Rural Areas

8. Dollar Threshold used to distinguish between Type A and Type B programs?	$ 750,000
9. Auditee qualified as a low-risk auditee under 2 CFR Section 200.516(a)?	Yes

(Continued)

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None.

C. CURRENT YEAR FINDINGS AND QUESTIONED COSTS

None.

D. PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None.

EL DORADO COUNTY TRANSIT AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantors' Number	Expenditures
U.S. Department of Transportation			
Federal Transit Administration			
Passed through the Sacramento Area Council of Governments and the Sacramento Regional Transit District			
Federal Transit Formula Grants, Section 5307-8			
Operating Assistance	20.507	CA-2021-098	$ 183,509
			183,509
Federal Transit Administration			
Passed through the California Department of Transportation			
Formula Grants for Rural Areas and Tribal Transit Program, Section 5311			
Operating Assistance	20.509	Pending	741,022
Operating Assistance	20.509	64R021-01633	738,717
Operating Assistance	20.509	64CA22-02146	68,750
			1,548,489
TOTAL FEDERAL AWARDS			$ 1,731,998

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this schedule.

EL DORADO COUNTY TRANSIT AUTHORITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of El Dorado County Transit Authority under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the Authority's operations, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenses reported on the Schedule are reported on the accrual basis of accounting. Such expenses are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenses are not allowable or are limited as to reimbursement.

NOTE C – PROGRAM COSTS/MATCHING CONTRIBUTIONS

The amounts shown as current year expenses represent only the federal grant portion of the program costs. Entire program costs, including the Authority's portion, may be more than shown.

NOTE D – NONCASH AWARDS

No noncash awards existed in the current year.

NOTE E – INDIRECT COSTS

The Authority did not elect to use the 10 percent de minimus indirect cost rate as covered in 2 CFR §200.414.

NOTE F – SUBRECIPIENTS

There were no subrecipients of the Authority's programs during the year ended June 30, 2023.