

**COUNTY OF NEVADA
TRANSPORTATION DEVELOPMENT ACT FUNDS**

Audited Financial Statements
and Compliance Report

June 30, 2023

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COUNTY OF NEVADA TRANSPORTATION DEVELOPMENT ACT FUNDS

Audited Financial Statements
and Compliance Report

June 30, 2023

Audited Financial Statements

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Compliance Report

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Nevada City, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Transportation Development Act Funds (TDA Funds) of the County of Nevada, California (the County), as of and for the year ended June 30, 2023, and the related notes to the 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 respective financial position of the TDA Funds of the County of Nevada, as of June 30, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 TDA Funds of the County of Nevada 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.

Emphasis-of-Matter

As discussed in Note A, the financial statements present only the TDA Funds of the County and do not purport to, and do not present fairly the financial position of the County as of June 30, 2023, the changes in financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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.

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

To the Board of Supervisors
Nevada City, California

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 TDA Funds of the County of Nevada'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.

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2024, on our consideration of the County's internal control over financial reporting related to the TDA funds and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, including the Transportation Development Act. 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 County'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 County's internal control over financial reporting and compliance.

Richardson & Company, LLP

May 7, 2024

COUNTY OF NEVADA TRANSPORTATION DEVELOPMENT ACT FUNDS
TRANSIT SERVICES FUND

STATEMENT OF NET POSITION

June 30, 2023

ASSETS

Current Assets:

Cash and cash equivalents	\$ 49,573
Accounts receivable	722
Due from other governments	<u>5,209,064</u>
TOTAL CURRENT ASSETS	<u>5,259,359</u>

Noncurrent Assets:

Restricted cash - insurance reserve	87,320
Capital assets:	
Capital assets - not being depreciated	444,038
Capital assets - being depreciated, net	<u>3,795,422</u>
TOTAL NONCURRENT ASSETS	<u>4,326,780</u>

TOTAL ASSETS 9,586,139

DEFERRED OUTFLOWS OF RESOURCES

Pension-related deferred outflows of resources	723,652
OPEB-related deferred outflows of resources	<u>74,159</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>797,811</u>

LIABILITIES

Current Liabilities:

Accounts payable	2,204,625
Accrued salaries and benefits	27,593
Due to other governments	2,060,201
Unearned revenue	1,372,840
Compensated absences - due within one year	<u>53,555</u>
TOTAL CURRENT LIABILITIES	5,718,814

Noncurrent Liabilities:

Net pension liability	2,838,065
Net OPEB liability	<u>178,271</u>
TOTAL NONCURRENT LIABILITIES	<u>3,016,336</u>

TOTAL LIABILITIES 8,735,150

DEFERRED INFLOWS OF RESOURCES

OPEB-related deferred inflows of resources	<u>69,864</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	69,864

NET POSITION (DEFICIT)

Net investment in capital assets	2,179,259
Restricted for:	
Insurance claims	87,320
Capital projects	802,254
Unrestricted	<u>(1,489,897)</u>

TOTAL NET POSITION (DEFICIT) \$ 1,578,936

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

COUNTY OF NEVADA TRANSPORTATION DEVELOPMENT ACT FUNDS
TRANSIT SERVICES FUND

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

For the Year Ended June 30, 2023

OPERATING REVENUES	
Passenger fares	\$ 237,708
Contributions from other agencies	82,934
Other operating revenues	2,250
TOTAL OPERATING REVENUES	322,892
OPERATING EXPENSES	
Salaries and benefits	1,705,747
Professional services	1,759,888
Maintenance, supplies and utilities	974,745
Insurance claims payments	117,871
Administration and overhead	262,993
Depreciation	256,619
TOTAL OPERATING EXPENSES	5,077,863
OPERATING LOSS	(4,754,971)
NONOPERATING REVENUES (EXPENSES)	
Local transportation funds	3,132,821
State transit assistance	23,802
Federal transit administration grant	1,343,979
Low carbon transit operations program	8,325
Net investment loss	(55,435)
Other revenues	998
Other expenses	48,228
TOTAL NONOPERATING REVENUES (EXPENSES)	4,502,718
NET LOSS BEFORE CAPITAL CONTRIBUTIONS	(252,253)
CAPITAL CONTRIBUTIONS	
Federal transit administration grants	224,000
California air resources board grant	2,201,041
TOTAL CAPITAL CONTRIBUTIONS	2,425,041
CHANGES IN NET POSITION	2,172,788
Net position at beginning of year	(593,852)
NET POSITION, END OF YEAR	\$ 1,578,936

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

COUNTY OF NEVADA TRANSPORTATION DEVELOPMENT ACT FUNDS
TRANSPORTATION FUND

STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

For the Year Ended June 30, 2023

REVENUES		
Regional surface transportation program	\$	503,314
Regional transportation mitigation fees (RTMF) collected		500,457
PTMISEA		32,013
Local participation funding from Nevada County Transportation Commission (NCTC)		7,500
Reimbursements from NCTC for traffic counts		6,204
Investment income		9,743
	TOTAL REVENUES	<u>1,059,231</u>
EXPENDITURES		
Road maintenance		490,594
Bus stop improvements		32,013
Road capital improvements		12,720
Local participation staff time		7,500
Traffic count expenses		6,204
RTMF fees passed through to NCTC		510,200
	TOTAL EXPENDITURES	<u>1,059,231</u>
	NET CHANGE IN FUND BALANCE	-
Fund balance at beginning of year		<u>-</u>
	FUND BALANCE AT END OF YEAR	<u><u>\$ -</u></u>

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

COUNTY OF NEVADA TRANSPORTATION DEVELOPMENT ACT FUNDS
TRANSIT SERVICES FUND

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 322,892
Payments to employees and related benefits	(1,740,413)
Payments to suppliers	(3,313,319)
NET CASH USED BY OPERATING ACTIVITIES	<u>(4,730,840)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Local transportation funds	3,912,967
State transit assistance funds	23,802
Federal operating grants	768,114
Low carbon transit operations program	823
Other revenues	21,135
NET CASH PROVIDED BY NON-CAPITAL AND RELATED FINANCING ACTIVITIES	<u>4,726,841</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(545,981)
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(545,981)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earnings on investments	14,046
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>14,046</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(535,934)
Cash and cash equivalents, beginning of year	<u>672,827</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 136,893</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET	
Cash and cash equivalents	\$ 49,573
Restricted cash and cash equivalents	87,320
TOTAL CASH AND CASH EQUIVALENTS	<u><u>\$ 136,893</u></u>

(Continued)

COUNTY OF NEVADA TRANSPORTATION DEVELOPMENT ACT FUNDS
TRANSIT SERVICES FUND

STATEMENT OF CASH FLOWS (Continued)

For the Year Ended June 30, 2023

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating loss	\$ (4,754,971)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Depreciation	256,619
Unrealized loss on investments	(69,481)
(Increase) decrease in accounts receivable resources, liabilities and deferred inflows of resources:	
Deferred outflows/inflows of resources--pension plan	(911,002)
Deferred outflows/inflows of resources--OPEB plan	(111,027)
Accounts payable	43,260
Accrued salaries	(49,499)
Other accrued liabilities	(171,601)
Compensated absences payable	5,005
Net pension liability	959,563
Net OPEB liability	72,294
	<hr/>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ (4,730,840)</u></u>

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

COUNTY OF NEVADA TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Nevada Transit Services Fund receives funds from the Nevada County Transportation Commission (NCTC) under the provisions of the TDA from the Nevada County Local Transportation Fund (LTF) under Article 4, Section 99400 (c) and Article 4.5 and State Transit Assistance Fund (STAF) under Article 4, Section 6731(b). The County's Article 4 LTF funds are for the support of public transportation systems as defined in the TDA. The County also receives State of Good Repair funds under the STAF program, representing Senate Bill 1, the Road Repair and Accountability Act of 2017 funds.

The Transit Services Fund also receives revenue from other federal and state grantor agencies, including Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA) and Low Carbon Transit Operations Program (LCTOP) funds.

The County also receives allocations from NCTC from the Regional Surface Transportation Program (RSTP) that is reflected in these financial statements of the Transportation Fund.

The County collects the Western Nevada County Regional Transportation Mitigation Fee (RTMF) as part of the fees collected on development in the County that are remitted to NCTC to provide funding for street and highway improvements needed to accommodate traffic generated by development projects in Western Nevada County. The County then receives reimbursements from NCTC's RTMF Fund to fund authorized development projects. No such reimbursements were received during the year ended June 30, 2023.

Basis of Presentation: The financial statements of the Transit Services Fund 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.

Reporting Entity: The financial statements are intended to present the financial position, results of operations and cash flows of only transactions recorded in the Funds. The Funds are included in the financial statements of the County.

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 and all liabilities associated with the operation of the Transit Services Fund are included on the balance sheet. Net position is segregated into amounts invested in capital assets, amounts restricted and amounts unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

The Transit Services Fund 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 deferred 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 Transit Services Fund are charges to passengers for public transit services. Operating expenses for the Transit Services Fund 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 County's policy to use restricted resources first, then unrestricted resources as they are needed.

COUNTY OF NEVADA TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Transportation Fund is reported as a special revenue fund of the governmental fund type. All governmental funds are accounted for using the *current financial resources* measurement focus which means that only *current assets* and *current liabilities* are generally included on their balance sheets. Their reported fund balance is their net current assets, which is considered only to be a measure of *available spendable resources*. Governmental fund operating statements present a summary of sources and uses of available spendable resources during a period by presenting increases and decreases in net current assets. As of June 30, 2023, the County did not have any assets or liabilities to report in the Transportation fund.

Cash and Cash Equivalents: For the purposes of reporting cash flows, cash and cash equivalents are defined as those amounts included in the balance sheet caption “cash and investments” and consist of amounts held in the County’s cash and investment pool, which are available on demand.

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

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 \$5,000 or more and an estimated useful life in excess of one year. Donated capital assets are recorded at the acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. Provision is made for depreciation by the straight-line method over the estimated useful lives of these assets which range from five to twenty-five years. Depreciation is recorded on the full-year convention whereby a full year of depreciation is taken in the year the asset is placed into service. 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.

Due to Other Governments: Amounts due from other governments consist of amounts borrowed from the NCTC’s LTF for the purchase of buses until grant funds are received.

Compensated Absences: The Transit Services Fund’s policy allows employees to accumulate earned but unused vacation that will be paid to employees upon separation from the Fund’s service, subject to a vesting policy. The cost of vacation is recorded in the period accrued.

Deferred Inflows/Outflows of Resources: In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an expense/expenditure until then. In addition to liabilities, the statement of net assets reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

As of June 30, 2023, the Transit Services Fund has deferred outflows and inflows of resources related to the County’s pension and OPEB plans, as described in Notes G and H.

Net Position: Net position are categorized as invested 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 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 Transit Fund has no restricted net position as of June 30, 2023.

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

COUNTY OF NEVADA TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

When both restricted and unrestricted resources are available for use, it is the Transit Services Fund’s policy to use restricted resources first, then unrestricted resources as they are needed. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Transit Services Fund considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Transit Services Fund has provided otherwise in its commitment or assignment actions.

The Transportation Fund reports fund balance, if any, as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the Transportation Fund is bound to honor constraints on how specific amounts can be spent.

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

NOTE B – CASH AND CASH EQUIVALENTS

Investment in the County’s Cash and Investments Pool: The Fund’s cash and investments are held in the County’s cash and investments pool. The County maintains a cash and investment pool and allocates interest to the various funds based upon average cash balances. Investments held in the County’s investment pool are available on demand to the TDA Funds and are stated at cost, which approximates fair value. The County’s investment policy, interest rate risk and credit risk may be found in the notes to the County’s basic financial statements.

NOTE C – CAPITAL ASSETS

Capital assets consisted of the following for the year ended June 30, 2023:

	Balance June 30, 2022	Additions	Deletions	Transfers/ Adjustments	Balance June 30, 2023
Capital assets, not being depreciated					
Land easements	\$ 9,750				\$ 9,750
Construction in progress	146,365	\$ 348,575		\$ (60,652)	434,288
Total capital assets, not being depreciated	156,115	348,575		(60,652)	444,038
Capital assets, being depreciated:					
Buildings and structures	1,811,785			60,652	1,872,437
Vehicles and equipment	2,720,648	2,257,607			4,978,255
Total capital assets, being depreciated	4,532,433	2,257,607		60,652	6,850,692
Less accumulated depreciation for:					
Buildings and structures	(558,062)	(68,638)			(626,700)
Vehicles and equipment	(2,240,589)	(187,981)			(2,428,570)
Total accumulated depreciation	(2,798,651)	(256,619)		-	(3,055,270)
Total capital assets, being depreciated, net	1,733,782	2,000,988		60,652	3,795,422
Total capital assets, net	\$ 1,889,897	\$ 2,349,563	\$ -	\$ -	\$ 4,239,460

COUNTY OF NEVADA TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE D – DUE FROM OTHER GOVERNMENTS

Due from other governments consisted of the following at June 30, 2023:

	<u>Transit Fund</u>
Federal Section 5311	\$ 575,865
Federal Section 5310 Capital	224,000
California Air Resources Board Grant	2,201,041
Capital Loan due from NCTC	2,060,201
Fares	1,866
SB 90	7,342
LCTOP	<u>138,749</u>
Total due from other governments	<u>\$ 5,209,064</u>

NOTE E – UNEARNED REVENUE

A schedule of changes in unearned revenue for the Transit Services Fund for the year ended June 30, 2023, is as follows:

	<u>LTF</u>	<u>STA</u>	<u>LCTOP</u>
Beginning balance, June 30, 2022 as previously reported	\$ 461,447		
Restatement	518,113		\$ 132,811
Beginning balance, June 30, 2022 as restated	<u>979,560</u>		<u>132,811</u>
Allocations	3,262,043	\$ 23,802	139,572
Maximum eligibility:			
Operating	<u>(3,132,821)</u>	<u>(23,802)</u>	<u>(8,325)</u>
Ending balance, June 30, 2023	<u>\$ 1,108,782</u>	<u>\$ -</u>	<u>\$ 264,058</u>

The Fund received \$518,113 in federal FTA Section 5311 funding that should have been recognized as a revenue and a receivable at June 30, 2022. Doing so would have affected the Fund's maximum eligibility calculation for recognition of Local Transportation fund revenue by the same amount. The Fund previously reported a maximum eligibility of \$3,311,832, which has since been restated to \$2,793,719. The decrease in the maximum eligibility amount resulted in the Fund having to defer an additional \$518,113 of Local Transportation funds to be recognized in fiscal year 2024.

Local Transportation Fund (LTF): LTF is allocated to the transit system to support operations. LTF allocations are considered earned when they are properly spent for operations by the transit system. Allocations in excess of this amount are recorded as unearned revenue. The maximum eligibility for LTF allocations for the year ended June 30, 2023, was determined as follows:

COUNTY OF NEVADA TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE E – UNEARNED REVENUE (Continued)

LTF allocations	
Community transit services	\$ 167,449
Local transportation fund allocations	3,094,594
LTF allocations available for operating costs	<u>3,262,043</u>
Maximum amount allowed:	
Operating expenses	5,077,863
Adjustments:	
Less: Depreciation	(256,619)
Less: Passenger fares	(237,708)
Less: Contributions from other agencies	(82,934)
Less: State Transit Assistance used for operating	(23,802)
Less: Other operating grants	<u>(1,343,979)</u>
Maximum amount allowed	<u>3,132,821</u>
Net expense over maximum eligibility	<u>\$ 129,222</u>
Capital expenditures	\$ 2,799,544
Adjustments:	
Federal contributions	(224,000)
California air resources board grant	<u>(2,201,041)</u>
Maximum eligible for capital	<u>\$ 374,503</u>

State of Good Repair: The State of Good Repair (SGR) program was established by the California Legislature in 2017 by Senate Bill 1. SGR is a program that provides public transportation agencies with a consistent and dependable revenue source to invest in the upgrade, repair and improvement of the transportation infrastructure and improve transportation services. As of June 30, 2023, the County had an agreement to send the SGR funds to the Town of Truckee and received no SGR funds.

Low Carbon Transit Operations Program (LCTOP): The LCTOP was established by the California Legislature in 2014 by Senate Bill 862. The LCTOP provides funds to transit agencies to reduce greenhouse gas emission and improve mobility through operating and capital grants. Projects approved for LCTOP will support bus or rail services, expand intermodal transit facilities, and many 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, 2023, funds received and expended were verified in the course of the audit as follows:

Beginning balance, July 1, 2022	\$ 132,811
Proceeds allocated	138,749
Interest allocated to unspent proceeds	823
Expenditures incurred:	
Subsidized monthly passes	<u>(8,325)</u>
Unexpended proceeds at June 30, 2023	<u>\$ 264,058</u>

COUNTY OF NEVADA TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE F – LONG-TERM LIABILITIES

Changes in long-term liabilities consisted of the following for the year ended June 30, 2023:

	Balance June 30, 2022	Additions	Used	Balance June 30, 2023	Due Within One Year
Compensated absences	\$ 48,551	\$ 5,004		\$ 53,555	\$ 53,555
Net pension liability	1,878,502	959,563		2,838,065	
Net OPEB liability	105,977	72,294		178,271	
	<u>\$ 2,033,030</u>	<u>\$ 1,036,861</u>	<u>\$ -</u>	<u>\$ 3,069,891</u>	<u>\$ 53,555</u>

NOTE G – PENSION PLAN

The County’s transit employees are included in the County’s Miscellaneous Plan, an agent multiple-employer defined benefit pension plan on a cost sharing basis, administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. The actuarial valuation for the County’s Miscellaneous Plan received from CalPERS does not separately disclose information that is required to be reported under GASB 68 and 71 for the Funds; however, the County allocated the proportional share of the deferred outflows of resources, deferred inflows of resources, net pension liability, and pension expense to the Funds based on the cash basis employer contributions paid on behalf of the Funds’ employees compared to all of the County’s Miscellaneous Plan employees. As of and for the year ended June 30, 2023, the deferred outflows of resources, net pension liability, deferred inflows of resources and pension expense related to the Funds were \$723,652, \$2,838,065, \$0, and \$48,561, respectively. Pension expense was reported as part of salaries and benefits expenses. Detailed information about the County’s collective net pension liability is available in the County’s separately issued Annual Comprehensive Financial Report (ACFR). The County’s ACFR may be obtained by contacting the County’s Finance Department or on the internet at www.nevadacountyca.gov.

NOTE H – OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

The actuarial valuation for the County’s OPEB plan does not separately disclose information that is required to be reported for the Transit Fund. This information is available in the County’s Annual Comprehensive Financial Report for the County’s OPEB plan as a whole. The net OPEB liability and related deferred inflows and outflows of resources reported in the Fund represents a proportional share of the OPEB liability for the County as a whole. The percentage of the County’s OPEB liability that is recorded in the Fund is based on a proportion of contributions by each fund for the County as a whole. As of and for the year ended June 30, 2023, deferred outflows of resources, the net OPEB liability, deferred inflows of resources and OPEB credit were \$74,159, \$178,271, \$69,864, and \$38,732, respectively. OPEB expense was reported as part of salaries and benefits expense. Detailed information regarding the County’s OPEB plan is available in the County’s ACFR.

NOTE I – FARE REVENUE RATIO

The Fund is subject to the provision of Section 6633.2 of Title 21, Division 3, Chapter 2, Article 4 of the *California Code of Regulations* requiring the calculation and adherence of fare and local support ratios for TDA transit funding. Accordingly, the Fund must maintain a ratio equaling or exceeding 10%. The Fund’s fare ratio of operating revenues to operating expenses, as calculated below, indicates the Fund was in compliance with the provisions of the TDA for the fiscal year ended June 30, 2023. The fare ratio calculations are as follows:

COUNTY OF NEVADA TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE I – FARE REVENUE RATIO (Continued)

Passenger fare revenues (excludes charter revenues)	\$ 237,708
Local funds - contributions from other agencies	82,934
Local funds - other operating revenues	2,250
Local funds - federal funds	<u>1,343,979</u>
	<u>\$ 1,666,871</u>
Operating expenses	\$ 5,077,863
Less allowable exclusions:	
Depreciation	<u>(256,619)</u>
	<u>\$ 4,821,244</u>
Fare revenue ratio	<u>34.57%</u>

The County was in compliance with the 10.00% minimum required fare revenue ratio for the year ended June 30, 2023. AB 149 permits the inclusion of federal funds as local support, which allows the County to meet its fare revenue ratio.

NOTE J – STATE GRANTS

Regional Surface Transportation Program (RSTP): The RSTP funds represent an apportionment under the Federal Transportation Bill whereby the County receives allocated fund from the Commission for projects included in the adopted Federal Statewide Transportation Improvement Project. These are reported in the Transportation Fund.

As of June 30, 2023, funds received and expended were verified in the course of the audit as follows:

Beginning balance, July 1, 2022	\$ -
Proceeds received	503,314
Expenditures incurred:	
Road maintenance projects	(490,594)
Donner pass road project	<u>(12,720)</u>
Unexpended proceeds at June 30, 2023	<u>\$ -</u>

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

COUNTY OF NEVADA TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE J – STATE GRANTS (Continued)

During the year ended June 30, 2023, the County did not receive any funds from the State PTMISEA account. As of June 30, 2023, funds received and expended were verified in the course of the audit as follows:

Beginning balance, July 1, 2022	\$ -
Proceeds received	32,013
Expenditures incurred:	
Bus stop improvements	<u>(32,013)</u>
Unexpended proceeds at June 30, 2023	<u><u>\$ -</u></u>

NOTE K – REGIONAL ALLOCATIONS

Regional Transportation Mitigation Fee (RTMF): The RTMF Program was established in 2001 through a partnership of three local jurisdictions (unincorporated Nevada County, Nevada City, and Grass Valley) and the Commission to provide funding from new development to make improvements to the Regional Transportation System. The RTMF fees are collected from the local jurisdictions imposing the fees and the Commission. The County collects RTMF fees that are directly disbursed to the Commission. Such fees totaled \$500,457 at June 30, 2023. These funds are also reported in the Transportation Fund.

As of June 30, 2023, no RTMF funds were allocated by NCTC for approved projects.

NOTE L – RISK MANAGEMENT

The Transit Services Fund is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The fund participates in the County’s self-insurance program and also maintains commercial insurance policies through third parties. Cash in the amount of \$87,320 at June 30, 2023 was restricted for insurance purposes.

NOTE M – CONCENTRATIONS

The Transit Services Fund receives a substantial amount of their support from the TDA through a portion of statewide retail sales tax for the Local Transportation Fund and through the fuel tax for the State Transit Assistance Fund. A significant reduction in the level of this support, if this was to occur, may have a significant impact on the Funds’ activities.

NOTE N – CONTINGENCIES

The Transit Services Fund receives funding from the Federal Transit Administration and the State of California that are subject to review and audit. Such audits could result in a request for reimbursement for expenses disallowed under the terms and conditions of the contracts. It is the opinion of management that no material liabilities will result from such potential audits.

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SUPPLEMENTARY INFORMATION

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COUNTY OF NEVADA TRANSPORTATION DEVELOPMENT ACT FUNDS
TRANSIT SERVICES FUND

STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION - BY OPERATION

For the Year Ended June 30, 2023

	Gold Country Stage	Paratransit	Total
OPERATING REVENUES			
Passenger fares	\$ 176,633	\$ 61,075	\$ 237,708
Contributions from other agencies	82,934		82,934
Other operating revenues	2,250		2,250
TOTAL OPERATING REVENUES	<u>261,817</u>	<u>61,075</u>	<u>322,892</u>
OPERATING EXPENSES			
Salaries and benefits	1,705,747		1,705,747
Professional services	322,296	1,437,592	1,759,888
Maintenance, supplies and utilities	974,745		974,745
Insurance claims payments	117,871		117,871
Administration and overhead	262,993		262,993
Depreciation	256,619		256,619
TOTAL OPERATING EXPENSES	<u>3,640,271</u>	<u>1,437,592</u>	<u>5,077,863</u>
OPERATING (LOSS)	<u>(3,378,454)</u>	<u>(1,376,517)</u>	<u>(4,754,971)</u>
NONOPERATING REVENUES (EXPENSES)			
Local transportation funds	1,756,304	1,376,517	3,132,821
State transit assistance	23,802		23,802
Federal transit administration grant	1,343,979		1,343,979
Low carbon transit operations program	8,325		8,325
Net investment loss	(55,435)		(55,435)
Other revenues	998		998
Other expenses	48,228		48,228
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>3,126,201</u>	<u></u>	<u>4,502,718</u>
NET LOSS BEFORE CAPITAL CONTRIBUTIONS	(252,253)	(1,376,517)	(252,253)
CAPITAL CONTRIBUTIONS			
Federal transit administration grants	224,000		224,000
California air resources board grant	2,201,041		2,201,041
TOTAL CAPITAL CONTRIBUTIONS	<u>2,425,041</u>	<u></u>	<u>2,425,041</u>
CHANGES IN NET POSITION	<u>\$ 2,172,788</u>	<u>\$ (1,376,517)</u>	<u>\$ 2,172,788</u>

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

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COMPLIANCE REPORT

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

To the Board of Supervisors
County of Nevada
Nevada City, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Transportation Development Act (TDA) Funds of the County of Nevada (the County), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Funds' financial statements, and have issued our report thereon dated May 7, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2023-001, that we consider to be a material weakness.

Report on Compliance and Other Matters (including Other State Programs)

As part of obtaining reasonable assurance about whether the Funds' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. Our audit was further made to determine that Transportation Development Act (TDA) funds allocated and received by the County were expended in conformance with the applicable statutes, rules and regulations of the TDA and Section 6667 of the California Code of Regulations. We also tested the receipt and appropriate expenditures of bond funds, as presented in Notes E and J to the financial statements, in accordance with other state program guidelines.

To the Board of Supervisors
Nevada City, California

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 performing our tests disclosed no instances of noncompliance that are required to be reported under *Governmental Auditing Standards* or the TDA.

County of Nevada’s Response to Findings

The County’s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Richardson & Company, LLP

May 7, 2024

COUNTY OF NEVADA TRANSIT FUND
SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2023

INTERNAL CONTROL OVER FINANCIAL REPORTING

CURRENT YEAR FINDINGS

Finding 2023-001 – Material Weakness

Criteria: Internal controls over financial reporting should be in place to ensure management can initiate, record, process and report financial data consistent with the assertions of management in the financial statements.

Condition: The County's closing process did not identify the required closing entries to report the Fund's financial statements on the accrual basis.

Effect: Audit adjustments were needed to report the financial statements in accordance with generally accepted accounting principles, including entries posted to accrue state and federal grant revenues and adjust unearned balances.

Cause: The closing process did not identify all required closing entries.

Recommendation: We recommend the County ensure transactions are reported in the proper period by developing a closing checklist that includes the accrual of state and federal grant revenues.

Views of Responsible Officials and Planned Corrective Actions: See Corrective Action Plan.

PRIOR YEAR FINDINGS

Finding 2022-001 – Material Weakness

Condition: We noted the Transit Services Fund recorded \$826,475 of Federal Section 5311 CARES Act revenues in fiscal year 2022 instead of fiscal year 2021.

Current Status: See finding 2023-001 as a continuation of this finding.



**COUNTY OF NEVADA
COMMUNITY DEVELOPMENT AGENCY**
Public Works Department
Transit Services Division



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www.nevadacountynow.us

Trisha Tillotson
Community Development Agency
Director

Robin VanValkenburgh
Transit Services Manager

May 8, 2024

Richardson & Co. LLP
Attention: Ingrid Sheipline
550 Howe Ave., Suite 210
Sacramento, CA 95825

Re: Management's Response and Corrective Action Plan

Dear Ms. Sheipline,

Please find below the County's response to the 2023-001 Findings

Management concurs with finding 2023-001 that there was one instance of noncompliance with the applicable statutes, rules, and regulations of the Transportation Development Act, and the allocation instructions and resolutions of the Nevada County Transportation Commission. This instance of noncompliance resulted in \$518,113 in Federal Section 5311 revenues being recorded in fiscal year 2023 instead of fiscal year 2022, requiring a prior period adjustment. Management will make certain that this finding will be corrected during fiscal year 2024 per our corrective action plan below.

Management will ensure that there is sufficient review process in place for fiscal year 2024. Year-end closing procedures and internal controls will be analyzed and improved for proper and timely accruals. Review processes will be addressed with fiscal staff to identify accruals that may have a material effect on TDA maximum eligibility calculation. The Local Transportation calculation will be conducted timely and earned versus unearned revenue will be recorded correctly as of June 30, 2024.

Please let me know if you have any questions regarding our response.

Sincerely,

**Robin Van
Valkenburgh**

Robin VanValkenburgh
Transit Services Division Manager

Digitally signed by Robin Van
Valkenburgh
Date: 2024.05.08 20:13:30 -07'00'