

TOWN OF TRUCKEE TRANSIT FUND
TRANSPORTATION DEVELOPMENT ACT FUNDS

Audited Financial Statements
and Compliance Report

June 30, 2023

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Audited Financial Statements

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550 Howe Avenue, Suite 210
Sacramento, California 95825
Telephone: (916) 564-8727
FAX: (916) 564-8728

INDEPENDENT AUDITOR'S REPORT

To the Town Council
Truckee, California

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Town of Truckee (the Town) Transit Fund (the Transit Fund), as of and for 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 financial position of the Transit Fund, as of June 30, 2023, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Basis for Opinion

We conducted our audit 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 State Controller's Minimum Audit Requirements for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Transit Fund, 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 Transit Fund of the Town and do not purport to, and do not, present fairly the financial position of the Town as of June 30, 2023, 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 these 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 Transit Funds 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 City Council
Town of Truckee, California

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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 aggregate, they would influence the judgement 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 judgement 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 Town'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 audits.

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 date March 29, 2024 on our consideration of the Transit Fund'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, and the Transportation Development Act and other state guidelines. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Truckee's internal control over financial reporting and compliance.

Richardson & Company, LLP

March 29, 2024

TOWN OF TRUCKEE TRANSIT FUND

STATEMENT OF NET POSITION

June 30, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 3,297
Accounts and other receivables	71,483
Due from other governments	471,099
TOTAL CURRENT ASSETS	<u>545,879</u>

NONCURRENT ASSETS

Capital assets, depreciable, net	306,181
TOTAL NONCURRENT ASSETS	<u>306,181</u>

TOTAL ASSETS 852,060

DEFERRED OUTFLOWS OF RESOURCES

Pension plan	65,396
Other postemployment benefits (OPEB) plan	4,046
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>69,442</u>

TOTAL ASSETS AND DEFERRED OUTFLOWS 921,502

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

CURRENT LIABILITIES

Accounts payable	124,055
Due to other town funds	249,960
Unearned revenue	62,163
Compensated absences, current portion	490
TOTAL CURRENT LIABILITIES	<u>436,668</u>

NONCURRENT LIABILITIES

Compensated absences, net of current portion	8,437
Net pension liability	150,754
Net OPEB liability	3,850
NONCURRENT LIABILITIES	<u>163,041</u>

TOTAL LIABILITIES 599,709

DEFERRED INFLOWS OF RESOURCES

Pension plan	31,486
OPEB plan	3,153
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>34,639</u>

NET POSITION

Investment in capital assets	306,181
Unrestricted	<u>(19,027)</u>

TOTAL NET POSITION \$ 287,154

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

TOWN OF TRUCKEE TRANSIT FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION

For the Year Ended June 30, 2023

OPERATING REVENUES	
Passenger fares	\$ 155,912
Local support	36,986
TOTAL OPERATING REVENUES	<u>192,898</u>
OPERATING EXPENSES	
Salaries and benefits	209,400
Purchased transportation	1,007,097
Maintenance, materials and supplies	263,190
Office expense	172,975
Depreciation	120,424
TOTAL OPERATING EXPENSES	<u>1,773,086</u>
OPERATING LOSS	(1,580,188)
NONOPERATING REVENUES (EXPENSES)	
Local Transportation Funds	696,164
State Transit Assistance Funds	170,382
Low Carbon Transit Operation Program (LCTOP) funds	121,449
Federal and State grants	571,728
Other income	10,864
Interest	4,559
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>1,575,146</u>
NET LOSS BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(5,042)
CAPITAL CONTRIBUTIONS AND TRANSFERS	
State Transit Assistance Funds	279,000
State of Good Repair	593,704
Transfer in from other Town funds	36,271
Transfer out to other Town funds	(872,704)
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>36,271</u>
CHANGE IN NET POSITION	31,229
Net position, beginning of year as previously stated	139,684
Restatement (Note O)	116,241
Net position, beginning of year as restated	<u>255,925</u>
NET POSITION, END OF YEAR	<u><u>\$ 287,154</u></u>

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

TOWN OF TRUCKEE TRANSIT FUND

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from passengers	\$ 289,779
Cash paid to suppliers for goods and services	(1,468,483)
Cash paid to employees for services	<u>(214,026)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(1,392,730)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating grants and subsidies	<u>1,718,633</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	1,718,633
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Grants received for capital acquisitions	442,258
Net transfers for Town capital projects	<u>(836,433)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(394,175)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earnings	<u>4,559</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>4,559</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(63,713)
Cash and cash equivalents, beginning of year	<u>67,010</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 3,297</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (1,580,188)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation and amortization	120,424
Changes in operating assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
Accounts receivable	96,881
Accounts payable	(25,221)
Deferred outflows/inflows of resources--pension plan	(71,176)
Deferred outflows/inflows of resources--OPEB plan	548
Compensated absences liability	(2,256)
Net pension liability	68,004
Net OPEB liability	<u>254</u>
NET CASH USED BY OPERATING ACTIVITIES	<u><u>\$ (1,392,730)</u></u>

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

TOWN OF TRUCKEE TRANSIT FUND
TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In addition to fare revenues, the Transit Fund receives funds under the provisions of the Transportation Development Act from the Nevada County Transportation Commission's Local Transportation Fund, State Transit Assistance Fund and State of Good Repair Fund. The Transit Fund also receives revenue from other federal and state grantor agencies.

Basis of Presentation: The financial statements of the Transit 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 Town.

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

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 Town'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.

TOWN OF TRUCKEE TRANSIT FUND
TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Town Funds: Due to Other Town funds consisted of cash subsidies of the Transit Fund by the Town of Truckee general fund to eliminate the cash deficit of \$249,960 as of June 30, 2023.

Compensated Absences: The Transit Fund's policy allows employees to accumulate earned but unused vacation, compensatory time, and vested sick time that will be paid to employees upon separation from the Transit Fund's service, subject to a vesting policy.

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 position 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 position 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 Funds have deferred outflows and inflows of resources related to the Town's pension and OPEB plans, as described in Notes E and F

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 Transit Fund's not restricted for any project or other purpose.

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

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.

TOWN OF TRUCKEE TRANSIT FUND
TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE B – CASH AND CASH EQUIVALENTS

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

NOTE C – CAPITAL ASSETS

Capital asset activity in the combined funds consisted of the following for the year ended June 30, 2023:

	Balance at June 30, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets being depreciated				
Buildings and improvements	\$ 347,114			\$ 347,114
Vehicles and equipment	670,601			670,601
Total capital assets, being depreciated	<u>1,017,715</u>			<u>1,017,715</u>
Less accumulated depreciation for:				
Buildings and improvements	(216,342)	\$ (14,970)		(231,312)
Vehicles and equipment	(374,768)	(105,454)		(480,222)
Total accumulated depreciation	<u>(591,110)</u>	<u>(120,424)</u>		<u>(711,534)</u>
Net capital assets being depreciated	<u>426,605</u>	<u>(120,424)</u>		<u>306,181</u>
 Total capital assets, net	 <u>\$ 426,605</u>	 <u>\$ (120,424)</u>	 <u>\$ -</u>	 <u>\$ 306,181</u>

NOTE D – 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	\$ 11,183		\$ (2,256)	\$ 8,927	\$ 490
Net pension liability	82,750	\$ 68,004		150,754	
Net OPEB liability	3,596	254		3,850	
	<u>\$ 97,529</u>	<u>\$ 68,258</u>	<u>\$ (2,256)</u>	<u>\$ 163,531</u>	<u>\$ 490</u>

NOTE E – PENSION PLAN

The Town’s Alternative Transportation employees are included in the Town’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 Town’s Miscellaneous Plan received from CalPERS does not separately disclose information that is required to

TOWN OF TRUCKEE TRANSIT FUND
TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE E – PENSION PLAN (Continued)

be reported under GASB 68 and 71 for the Funds; however, the Town 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 Transit Funds' employees compared to all of the Town'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 \$65,396, \$150,754, \$31,486 and \$13,911, respectively. Pension expense was reported as part of salaries and benefits expenses. Detailed information about the Town's collective net pension liability is available in the Town's separately issued Annual Comprehensive Financial Report (ACFR). The Town's ACFR may be obtained by contacting the Town's Finance Department or on the internet at www.townoftruckee.com.

NOTE F – OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

The actuarial valuation for the Town's OPEB plan does not separately disclose information that is required to be reported for the Transit Fund. This information is available in the Town's ACFR for the Town's OPEB plan as a whole. The net OPEB liability and related deferred inflows and outflows of resources reported in the Transit Fund represents a proportional share of the OPEB liability for the Town as a whole. The percentage of the Town's OPEB liability that is recorded in the Transit Fund is based on a proportion of contributions by each fund for the Town 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 expense were \$4,046, \$3,850, \$3,153 and \$4,249, respectively. OPEB expense was reported as part of salaries and benefits expense. Detailed information regarding the Town's OPEB plan is available in the Town's ACFR.

NOTE G– UNEARNED REVENUE

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

	STA- Capital	State of Good Repair	Total
	<u> </u>	<u> </u>	<u> </u>
Beginning balance, June 30, 2022		\$ 492,609	\$ 492,609
Allocations	\$ 279,000	163,258	442,258
Maximum eligibility			
Operating			-
Capital	(279,000)	(593,704)	(872,704)
Expenses incurred			-
Ending balance, June 30, 2023	<u>\$ -</u>	<u>\$ 62,163</u>	<u>\$ 62,163</u>

TOWN OF TRUCKEE TRANSIT FUND
TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE G – UNEARNED REVENUE (Continued)

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

Unearned STA allocations at beginning of year	\$	-
STA allocations for capital		279,000
STA allocations available		<u>279,000</u>
Maximum amount allowed:		
Capital assets purchased		279,000
Maximum amount allowed		<u>279,000</u>
Unearned STA allocations at end of year	\$	<u><u>-</u></u>

State of Good Repair: The State of Good Repair (SGR) program was established by the California Legislature in 2017 by Senate Bill 1. SGR is a program that provides public transportation agencies with a consistent and dependable revenue source to invest in the upgrade, repair and improvement of the transportation infrastructure and improve transportation services. As of June 30, 2023, SGR funds allocated and expended were verified in the course of the audit as follows:

Unearned SGR allocations at beginning of year	\$	492,609
SGR allocations available		163,258
		<u>655,867</u>
Maximum amount allowed:		
Applied to capital expenditures		593,704
Applied to operating expenditures		-
Maximum amount allowed		<u>593,704</u>
Unearned SGR allocations at end of year	\$	<u><u>62,163</u></u>

Low Carbon Transit Operators: The California Department of Transportation has awarded the Town of Truckee Transit \$121,449 for Low Carbon Transit Operation Program Projects during the fiscal year ended June 30, 2023, which was used to fund the upcountry routes. There were no unexpended proceeds as of June 30, 2023.

NOTE H – INTERFUND BALANCES AND TRANSACTIONS

Amounts reported as due to or from other TDA related funds arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2023, there were no interfund due to or due from balances.

TOWN OF TRUCKEE TRANSIT FUND
TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE H – INTERFUND BALANCES AND TRANSACTIONS (Continued)

Transfers in consisted of the following during the year ended June 30, 2023:

CFD Collections FY 22/23	\$ 33,861
CFD Collections FY 22/24	<u>2,410</u>
	<u>\$ 36,271</u>

Transfers out consisted of the following during the year ended June 30, 2023:

Truckee Railyard Mobility Hub - Phase 1	<u>\$ 872,704</u>
	<u>\$ 872,704</u>

NOTE I – FARE REVENUE RATIO

The Town is required under the Transportation Development Act to maintain a fare revenue to operating expenses ratio of 10%. The calculation of the fare revenue ratio for the year ended June 30, 2023, is as follows:

Passenger fare revenues (excludes charter revenues)	\$ 155,912
Local support	36,986
Local support - transfers in	36,271
Local funds- interest revenue	4,559
Local funds - federal operating grants	<u>571,728</u>
	<u>\$ 805,456</u>
Operating expenses	\$ 1,773,086
Less allowable exclusions:	
Depreciation	<u>(120,424)</u>
	<u>\$ 1,652,662</u>
Fare revenue ratio	<u>48.74%</u>

The Town was in compliance with the 10% minimum required fare revenue ratio at June 30, 2023. Assembly Bill (AB) 149 permits the inclusion of federal funds as local support, which allows the Town to meet its fare revenue ratio.

NOTE J – LOCAL TRANSPORTATION FUND ELIGIBILITY

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

TOWN OF TRUCKEE TRANSIT FUND
TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE J – LOCAL TRANSPORTATION FUND ELIGIBILITY (Continued)

As of June 30, 2023, eligibility in the TDA Funds were determined as follows:

LTF allocation	
Total amount allocated	\$ 537,936
LTF allocations available for operating costs	537,936
Maximum amount allowed:	
Operating expenses	1,773,086
Adjustments:	
Less: Depreciation	(120,424)
Less: Fare Revenues and local support	(192,898)
Less: LCTOP	(121,449)
Less: Operating Grants	(571,728)
Less: STA operating	(170,382)
Less: Transfer in	(36,271)
Maximum amount allowed	559,934
Net expense under maximum eligibility	\$ (21,998)

NOTE K – RISK MANAGEMENT

The Town manages risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters by participating in the public entity risk pools described below and by retaining certain risks. The Town maintains insurance coverage from a commercial carrier for its long-term disability and dental benefit plan.

NOTE L – CONCENTRATIONS

The Transit Fund 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 Transit Fund’s activities.

NOTE M – COMMITMENTS AND CONTINGENCIES

Grant Contingency: The Transit Fund 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.

Contract Commitment: The Town has Public Transit Operations services for the Truckee TART Fixed Route, Dial-A-Ride, and Placer County TART Paratransit Services project that was entered into agreement July 1, 2020 through June 30, 2025, unless earlier terminated. The Town paid Paratransit \$762,774 under the agreement during the year end of June 30, 2023. The maximum obligation to Paratransit is \$1,076,336 and \$1,108,626 for the year ended June 30, 2024, and June 30, 2025.

TOWN OF TRUCKEE TRANSIT FUND
TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE N – RESTATEMENT

During the year ended June 30, 2023, the Transit Fund discovered qualifying expenses incurred for operations reimbursable by Low Carbon Transit Operation Program (LCTOP) of \$116,241 should have been recognized during the year ended June 30, 2022. As a result, a restatement was made to reclassify the amount to reflect reimbursable expenses that had been incurred through that date. Due to the restatement, net position increased by \$116,241 and LCTOP revenue decreased by \$116,241 as of July 1, 2022.

COMPLIANCE REPORT



550 Howe Avenue, Suite 210
Sacramento, California 95825
Telephone: (916) 564-8727
FAX: (916) 564-8728

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 Town Council
Town of Truckee, 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 Transit Fund of the Town of Truckee (the Town), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Transit Fund's financial statements, and have issued our report thereon dated March 29, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town'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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of City'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 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 in this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Transit Fund'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 (TDA) Funds allocated and received by the Town 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 Note G to the financial statements, in accordance with other state program guidelines. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, the TDA, or the other state program guidelines.

To the City Council
Town of Truckee, California

Purpose of this Report

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

Richardson & Company, LLP

March 29, 2024