

**County of Nevada
Transit Services Fund**

Nevada City, California

**Financial Statements and
Independent Auditors' Report**

For the Years Ended June 30, 2021 and 2020

County of Nevada Transit Services Fund
Basic Financial Statements
For the Years Ended June 30, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

Board of Supervisors
County of Nevada
Nevada City, California

Report on Financial Statements

We have audited the accompanying financial statements of the Transit Services Fund (the "Fund") of the County of Nevada (the "County"), which comprise the statement of net position as of June 30, 2021 and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the basic financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Fund, as of June 30, 2021, and the respective 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.

Other Matters

2020 Financial Statements

The Transit Services Fund's basic financial statements for the year ended June 30, 2020 were audited by other auditors whose report thereon dated April 30, 2021, expressed an unmodified opinion.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the Net Pension Liability and Related Ratios – Miscellaneous Plan, the Schedule of Contributions – Pension, the Schedules of Changes in the Net OPEB Liability and Related Ratios, and the Schedule of Contributions - OPEB be presented to supplement the basic financial statements. Such 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. 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. 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a 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 operation, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fund's basic financial statements. The Statements of Revenues, Expenses, and Changes in Net Position – by Operation, the Schedule of Regional Surface Transportation Program Proceeds, and the Schedule of PTMISEA Proposition 1B Proceeds, as listed in the table of contents, are presented for purposes of additional analysis as required by the Transportation Development Act and the *California Code of Regulations* and are not a required part of the basic financial statements.

The Statements of Revenues, Expenses, and Changes in Net Position - by Operation, the Schedule of Regional Surface Transportation Program Proceeds, and the Schedule of PTMISEA Proposition 1B Proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 Statements of Revenues, Expenses, and Changes in Net Position - By Operation, the Schedule of Regional Surface Transportation Program Proceeds, and the Schedule of PTMISEA Proposition 1B Proceeds 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 May 5, 2022 on our consideration of the District'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 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 as it relates to the Transit Services Fund.

A handwritten signature in black ink that reads "The PwC Group, LLP". The signature is written in a cursive, flowing style.

San Diego, California
May 5, 2022

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BASIC FINANCIAL STATEMENTS

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County of Nevada Transit Services Fund
Statements of Net Position
June 30, 2021 and 2020

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 637,653	\$ 612,135
Accounts receivable	194,617	210,513
Due from other agencies	7,342	975,257
Due from County	6,135	-
Total current assets	<u>845,747</u>	<u>1,797,905</u>
Noncurrent assets:		
Restricted cash - insurance reserve	85,078	83,736
Capital assets:		
Capital assets - being depreciated, net	1,731,338	1,757,042
Capital assets, net	<u>1,731,338</u>	<u>1,757,042</u>
Total noncurrent assets	<u>1,816,416</u>	<u>1,840,778</u>
Total assets	<u>2,662,163</u>	<u>3,638,683</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension-related deferred outflows of resources	362,633	324,223
OPEB-related deferred outflows of resources	70,726	51,820
Total deferred outflows of resources	<u>433,359</u>	<u>376,043</u>
LIABILITIES		
Current liabilities:		
Accounts payable	108,982	109,010
Accrued salaries and benefits	63,773	63,520
Due to other agencies	139,690	62,080
Unearned revenue	31,642	638,057
Compensated absences - due within one year	54,618	16
Total current liabilities	<u>398,705</u>	<u>872,683</u>
Noncurrent liabilities:		
Net pension liability	2,561,097	2,373,353
Net OPEB liability	311,330	299,574
Compensated absences, net of current portion	3,300	69,982
Total noncurrent liabilities	<u>2,875,727</u>	<u>2,742,909</u>
Total liabilities	<u>3,274,432</u>	<u>3,615,592</u>
DEFERRED INFLOWS OF RESOURCES		
Pension-related deferred inflows of resources	-	25,075
OPEB-related deferred inflows of resources	52,845	57,268
Total deferred inflows of resources	<u>52,845</u>	<u>82,343</u>
NET POSITION		
Net investment in capital assets	<u>1,731,338</u>	<u>1,757,042</u>
Restricted for:		
Insurance claims	85,078	83,736
Capital projects	802,254	678,352
Total restricted	<u>887,332</u>	<u>762,088</u>
Unrestricted	<u>(2,850,425)</u>	<u>(2,202,339)</u>
Total net position	<u>\$ (231,755)</u>	<u>\$ 316,791</u>

See accompanying Notes to the Basic Financial Statements.

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County of Nevada Transit Services Fund
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2021 and 2020

	2021	2020
OPERATING REVENUES		
Passenger fares	\$ 129,260	\$ 212,070
Contributions from other agencies	43,028	71,549
Other operating revenues	206	900
Total operating revenues	172,494	284,519
OPERATING EXPENSES		
Salaries and benefits	1,594,532	1,770,637
Professional services	1,590,954	1,617,216
Maintenance, supplies, and utilities	464,230	569,898
Insurance claims payments	115,104	97,596
Administration and overhead	240,348	216,124
Rent	6,516	27,680
Depreciation	248,244	434,681
Total operating expenses	4,259,928	4,733,832
Operating (loss)	(4,087,434)	(4,449,313)
NONOPERATING REVENUES (EXPENSES)		
Local Transportation funds	3,290,482	3,926,184
State Transit Assistance	193,446	-
FTA Section 5311	28,684	497,313
LCTOP funds	-	80,000
Net interest income (expense)	14,277	26,639
Gain (loss) on sale or disposition of assets	10,500	(31,160)
Other revenues	73,289	1,668
Other expenses	(71,790)	(521,648)
Total nonoperating revenues (expenses)	3,538,888	3,978,996
Changes in net position	(548,546)	(470,317)
Net position, beginning of year	316,791	787,108
Net position, end of year	\$ (231,755)	\$ 316,791

County of Nevada Transit Services Fund
Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 172,494	\$ 145,477
Payments for employee wages, benefits, and related costs	(1,734,021)	(1,557,509)
Payments to suppliers	(2,160,936)	(2,517,514)
Net cash (used in) operating activities	(3,722,463)	(3,929,546)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Local Transportation Funds allocations	2,684,067	4,233,126
State Transit Assistance allocations	193,446	127,881
Federal operating assistance allocations	28,684	-
Grant proceeds and expenditures	1,040,889	(569,818)
Net cash provided by noncapital financing activities	3,947,086	3,791,189
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants received	-	238,384
Acquisition and construction of capital assets	(222,540)	(35,720)
Proceeds from sale of capital assets	10,500	34,100
Net cash provided by (used in) capital and related financing activities	(212,040)	236,764
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received	14,277	26,639
Net cash provided by investing activities	14,277	26,639
Net increase in cash and cash equivalents	26,860	125,046
Cash and cash equivalents, beginning of year	695,871	570,825
Cash and cash equivalents, end of year	\$ 722,731	\$ 695,871

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County of Nevada Transit Services Fund
Statements of Cash Flows (Continued)
For the Years Ended June 30, 2021 and 2020

	2021	2020
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating (loss)	\$ (4,087,434)	\$ (4,449,313)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation	248,244	434,681
Changes in operating assets and liabilities:		
Accounts receivable	15,896	(139,042)
Deferred outflows of resources from pensions	(38,410)	(12,090)
Deferred outflows of resources from OPEB	(18,906)	(3,506)
Accounts payable	(28)	11,000
Accrued salaries and benefits	253	14,422
Compensated absences	(12,080)	32,154
Net pension liability	187,744	203,246
Net OPEB liability	11,756	(70,728)
Deferred inflows of resources from pensions	(25,075)	520
Deferred inflows of resources from OPEB	(4,423)	49,110
Net cash (used in) operating activities	\$ (3,722,463)	\$ (3,929,546)

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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County of Nevada Transit Services Fund
Notes to the Basic Financial Statements
For the Years Ended June 30, 2021 and 2020

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Transit Services Fund of the County of Nevada (the “County”), California, have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies are described below.

A. Reporting Entity

The Transit Services Fund receives allocations from the Nevada County Transportation Commission (the “Commission”) which are restricted for operating and providing public transit services in the western portion of the County of Nevada, the City of Grass Valley, and the City of Nevada City.

The financial statements present only the Transit Services Fund and do not purport to, and do not, present fairly the financial position of the County as of June 30, 2021 and 2020, and the changes in its financial position and cash flows, thereof, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

B. Basis of Presentation

The accounts of the Transit Services Fund are organized and operated on the fund accounting basis and the fund is considered to be a separate accounting entity. The operations of the Transit Services Fund are accounted for with a separate set of self-balancing accounts that comprise the Transit Services Fund’s assets, liabilities, net position, revenues, and expenses.

C. Measurement Focus and Basis of Accounting

The activities of the Transit Services Fund are recorded in an enterprise fund. Enterprise funds are used to account for activities similar to those found in the private sector, in which a fee is charged to external users for goods and services. Enterprise funds are accounted for using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned and expenses are recognized in the period incurred.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund’s principal ongoing operations. The principal operating revenues of the Transit Services Fund are charges to customers for services, including the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Grants

Grant revenues and receivables are recorded when all eligibility requirements have been met. Grant sources include primarily Local Transportation Fund (“LTF”) and State Transit Assistance (“STA”). LTF and STA were created by the State Legislature under the Transportation Development Act.

County of Nevada Transit Services Fund
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2021 and 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

E. Cash and Cash Equivalents

The Transit Services Fund follows the cash and investment policies of the County. On a quarterly basis, the County allocates interest to funds based on their average daily balances. Detailed disclosures, including investment policies and associated risk policies, regarding the County's cash and cash equivalents can be found in the County's June 30, 2021 and 2020 annual comprehensive financial report by contacting the County of Nevada's Auditor-Controller's office at 950 Maidu Avenue, Nevada City, CA. For purposes of the statements of cash flows, the County considers all cash in the Transit Services Fund to be cash and cash equivalents.

F. Accounts Receivable and Due from Other Agencies

Receivables consist mostly of amounts due from other governmental agencies for operating and capital grants. Management believes its receivables to be fully collectible and, accordingly, no allowance for doubtful accounts has been recorded.

G. Capital Assets

All capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Contributed capital assets are valued at their estimated fair market value on the date of contribution. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from five to twenty years.

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) which will only be recognized as an outflow of resources (expense/expenditures) in the future. In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and would only be recognized as an inflow of resources (revenue) at that time.

For the County's pension and other post-employment benefit plans, County contributions subsequent to the measurement date, differences between expected and actual experience, differences due to changes in assumptions, differences due to differences in proportions, differences between projected and actual earnings on plan investments and differences between projected and actual contributions are reported as deferred outflows/inflows of resources in the statement of net position. County contributions subsequent to the measurement date will be amortized during the next fiscal year. Differences between expected and actual experience, changes in assumptions, differences in proportions, and differences between projected and actual contributions are amortized over the estimated service lives of the plan participants. Difference between projected and actual earnings on pension plan investments will be amortized over a five-year period.

County of Nevada Transit Services Fund
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2021 and 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

I. *Compensated Absences*

The County’s policy is to permit employees to accumulate a limited amount of earned but unused vacation, sick leave, and personal leave, which will be paid to employees upon separation from County service. The cost of vacation, sick leave, and personal leave is recorded in the period accrued.

J. *Unearned Revenues*

Unearned revenues arise when resources are received by the Transit Services Fund before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the Transit Services Fund has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

K. *Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from the plan’s fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. The following timeframes are used for pension reporting:

CalPERS:	2021	2020
Valuation date	June 30, 2019	June 30, 2018
Measurement date	June 30, 2020	June 30, 2019
Measurement period	July 1, 2019 to June 30, 2020	July 1, 2018 to June 30, 2019

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over five years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

L. *Other Postemployment Benefits*

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 plan and additions to/deductions from the plan’s fiduciary net position have been determined on the same basis as they are reported by the plan. The following timeframes are used for OPEB reporting:

	2021	2020
Valuation date	June 30, 2019	June 30, 2019
Measurement date	June 30, 2020	June 30, 2019
Measurement period	July 1, 2019 to June 30, 2020	July 1, 2018 to June 30, 2019

County of Nevada Transit Services Fund
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2021 and 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

M. Net Position

The Transit Service Fund’s net position is classified as follows:

Net Investment in Capital Assets: This represents the County’s total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted Net Position: This category represents the net position that is not accessible for general use because its use is subject to restrictions enforceable by third parties.

Unrestricted Net Position: This category represents net position of the Transit Services Fund that is available for general use.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the County considers restricted funds to have been spent first.

N. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2 – Cash and Cash Equivalents

At June 30, 2021 and 2020, cash and cash equivalents are classified in the financial statements as follows:

	2021	2020
Cash and cash equivalents	\$ 637,653	\$ 612,135
Restricted cash - insurance reserve	85,078	83,736
Total	\$ 722,731	\$ 695,871

At June 30, 2021 and 2020, cash and cash equivalents consisted of the following:

	2021	2020
Nevada County investment pool	\$ 722,731	\$ 695,871
Total	\$ 722,731	\$ 695,871

Cash Pooled with Nevada County Investment Pool

The Transit Services Fund is a participant in the Nevada County Investment Pool (“Pool”) and maintained cash in the amount of \$722,731 in the Nevada County Treasury at June 30, 2021. The County pools these funds with those of other entities in the County and invests the cash. Cash on deposit in the Pool is stated at fair value. The Pool values participant shares on fair market value basis during the year and adjusts to fair value at year-end.

Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County of Nevada’s Annual Comprehensive Financial Report.

County of Nevada Transit Services Fund
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2021 and 2020

Note 2 – Cash and Cash Equivalents (Continued)

Cash Pooled with Nevada County Investment Pool (Continued)

The Pool is not registered within the Securities and Exchange Commission (“SEC”), and a treasury oversight committee provides oversight to ensure that investments comply with the approved County investment policy. At June 30, 2021, the weighted average maturity for the Pool is less than one year. The Nevada County Treasury is not rated by the rating agency. At the year end, the Nevada County Treasury was not exposed to custodial credit risk.

Fair Value Measurements

The Transit Services Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of June 30, 2021, the Commission held no individual investments. All funds are invested in the Nevada County Investment Pool.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Commission’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Deposits and withdrawals in the Nevada County Investment Pool are made based on \$1 and not fair value. Accordingly, the Commission’s proportionate share of investments in the Nevada County Investment Pool at June 30, 2021 is measured based on uncategorized inputs not defined as Level 1, Level 2, or Level 3 input.

Note 3 – Capital Assets

A summary of changes in capital assets for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets, being depreciated:				
Buildings and structures	\$ 1,654,573	\$ 91,317	\$ -	\$ 1,745,890
Vehicles and equipment	2,425,404	131,223	(41,632)	2,514,995
Total capital assets, being depreciated	<u>4,079,977</u>	<u>222,540</u>	<u>(41,632)</u>	<u>4,260,885</u>
Less accumulated depreciation				
Buildings and structures	(438,217)	(59,922)	-	(498,139)
Vehicles and equipment	(1,884,718)	(188,322)	41,632	(2,031,408)
Total accumulated depreciation	<u>(2,322,935)</u>	<u>(248,244)</u>	<u>41,632</u>	<u>(2,529,547)</u>
Total capital assets, being depreciated, net	<u>1,757,042</u>	<u>(25,704)</u>	<u>-</u>	<u>1,731,338</u>
Total capital assets, net	<u>\$ 1,757,042</u>	<u>\$ (25,704)</u>	<u>\$ -</u>	<u>\$ 1,731,338</u>

County of Nevada Transit Services Fund
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2021 and 2020

Note 3 – Capital Assets (Continued)

A summary of changes in capital assets for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets, being depreciated:				
Buildings and structures	\$ 1,654,573	\$ -	\$ -	\$ 1,654,573
Vehicles and equipment	2,565,666	35,720	(175,982)	2,425,404
Total capital assets, being depreciated	4,220,239	35,720	(175,982)	4,079,977
Less accumulated depreciation				
Buildings and structures	(378,295)	(59,922)	-	(438,217)
Vehicles and equipment	(1,620,681)	(374,759)	110,722	(1,884,718)
Total accumulated depreciation	(1,998,976)	(434,681)	110,722	(2,322,935)
Total capital assets, being depreciated, net	2,221,263	(398,961)	(65,260)	1,757,042
Total capital assets, net	\$ 2,221,263	\$ (398,961)	\$ (65,260)	\$ 1,757,042

Depreciation expense for the years ended June 30, 2021 and 2020, was \$248,244 and \$434,681, respectively.

Note 4 – Compliance Requirements of Local Transportation Funds

The TDA is defined at Chapter 4 of the *California Public Utilities Code* commencing with Section 99200. Funds received pursuant to Section 99260 of the TDA (Article 4) may only be used for specific purposes including the support of public transportation systems. Article 4 funds are the primary funding source for the Transit Fund. TDA funds are apportioned, allocated, and paid in accordance with allocation instructions from the Commission for specific transportation purposes.

The Transit Services 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 Transit Services Fund must maintain a ratio equaling or exceeding 10%. The Transit Services Fund's fare ratio of operating revenues to operating expenses, as calculated below, indicates the Transit Services Fund was not in compliance with the provisions of the TDA for the fiscal years ended June 30, 2021 and June 30, 2020. The fare ratio calculations are as follows:

<u>June 30,</u>	<u>2021</u>	<u>2020</u>
Passenger fares	\$ 172,288	\$ 283,619
LCTOP fare supplements	-	80,000
Advertising income	206	900
Applicable operating revenues	<u>\$ 172,494</u>	<u>\$ 364,519</u>
Operating expenses	\$ 4,259,928	\$ 4,733,832
Less: Depreciation	(248,244)	(434,681)
Applicable operating expenses	<u>\$ 4,011,684</u>	<u>\$ 4,299,151</u>
Actual fare ratio	<u>4.30%</u>	<u>8.48%</u>

Assembly Bill No. 90 (AB 90), signed into legislation on June 29, 2020, was enacted in response to the COVID-19 pandemic's impact on transit operators to hold them harmless for significant decreases in ridership and fare revenues. AB 90 prohibits the implementation of a penalty for failure to meet the required minimum fare revenue ratio during the years ended June 30, 2020 and 2021. AB 149, signed into legislation on July 16, 2021, extended the period for which no penalty will apply through the year ended June 20, 2023. No penalties will be applied to future years for the failure to meet the minimum required fare revenue ratio during these fiscal years.

County of Nevada Transit Services Fund
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2021 and 2020

Note 5 – Unearned Revenue

The Commission allocates monies to the Transit Services Fund to support transit operations. TDA allocations are considered earned when they are properly spent for operations by the transit system. Allocations received but not earned are recorded as unearned revenue. At June 30, 2021 and 2020, the Transit Services Fund had allocations that had been received but not earned as follows:

	Total
Unearned Revenue - July 1, 2019	\$ 203,234
Allocations	
Community transit services	141,742
Local transportation funds	4,091,384
State Transit Assistance	127,881
Maximum eligibility:	
Operating	<u>(3,926,184)</u>
Unearned Revenue - June 30, 2020	\$ 638,057
Allocations:	
Community transit services	130,772
Local transportation funds	2,569,882
State Transit Assistance	193,446
Maximum eligibility:	
Operating	<u>(3,500,515)</u>
Unearned Revenue - June 30, 2021	\$ 31,642
	Total
Unearned Revenue - July 1, 2019	\$ 203,234
Allocations	
Community transit services	141,742
Local transportation funds	4,091,384
State Transit Assistance	127,881
Maximum eligibility:	
Operating	<u>(3,926,184)</u>
Unearned Revenue - June 30, 2020	\$ 638,057
Allocations:	
Community transit services	130,772
Local transportation funds	2,569,882
State Transit Assistance	193,446
Maximum eligibility:	
Operating	<u>(3,500,515)</u>
Unearned Revenue - June 30, 2021	\$ 31,642

Allocations in excess of the maximum eligible amounts for TDA are recorded as unearned revenue. Maximum eligibility for operation TDA allocations was determined as follows:

	2021	2020
Operating expenses	\$ 4,259,928	\$ 4,733,832
Adjustments:		
Depreciation	(248,244)	(434,681)
Farebox revenues and contributions		
from other agencies	(172,494)	(284,519)
Other operating grants	(49,759)	(92,818)
Other revenues	-	-
Net interest income	-	4,404
Other adjustments	<u>(288,916)</u>	<u>(34)</u>
Total adjustments	<u>(759,413)</u>	<u>(807,648)</u>
Maximum eligibility:	\$ 3,500,515	\$ 3,926,184

County of Nevada Transit Services Fund
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2021 and 2020

Note 6 – Compensated Absences

The following is a summary of the changes in the compensated absences liability:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within One Year	Due in More Than One Year
June 30, 2021	\$ 69,998	\$ 92,459	\$ (104,539)	\$ 57,918	\$ 54,618	\$ 3,300
June 30, 2020	\$ 37,844	\$ 88,055	\$ (55,901)	\$ 69,998	\$ 16	\$ 69,982

Note 7 – Employee Retirement Plan

A. CalPERS Pension Plan

Plan Description

All qualified permanent and probationary non-safety employees of the Transit Services Fund are eligible to participate in the County’s Miscellaneous Plan. The County’s Miscellaneous Plan is an agent multiple-employer defined benefit pension plan. The County’s Miscellaneous Plan is part of the California Public Employees Retirement System (“CalPERS”), a public employee retirement system which acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and other requirements are established by State statute and County resolution. The County’s defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and their beneficiaries. The County selects optional benefit provisions by contract with CalPERS and adopts those benefits through County ordinance. CalPERS issues a separate comprehensive annual financial report; however, a separate report for the County’s Miscellaneous Plan is not available. Copies of CalPERS annual financial reports which include required supplementary information (RSI) for each plan may be obtained from CalPERS Executive Offices, Lincoln Plaza North, 400 Q Street, Sacramento, CA 95811.

Benefits Provided

All pension plans provide benefits, upon retirement, disability or death of members. Retirement benefits are based on years of service, final average compensation, and retirement age. Employees terminating before accruing five years of retirement service credit forfeit the right to receive retirement benefits unless they establish reciprocity with another public agency within a prescribed time period. Non-vested employees who terminate service are entitled to withdraw their accumulated contributions plus accrued interest. Employees who terminate service after earning five years of retirement service credit may leave their contributions on deposit and elect to take a deferred retirement. Differences between expected and actual experience for vested and non-vested benefits may result in an increase or decrease to pension expense and net pension liability.

Service-related disability benefits are provided to safety members and are based on final compensation. Non-service-related disability benefits are provided to both safety and miscellaneous members. The benefit is based on final compensation, multiplied by *service*, which is determined as follows:

- *service* is CalPERS credited service, for members with fewer than 10 years of service or greater than 18.518 years of service; or
- *service* is CalPERS credited service plus the additional number of years that the member would have worked until age 60, for members with at least 10 years but not more than 18.518 years of service.

Death benefits are based upon a variety of factors including whether the participant was retired or not.

County of Nevada Transit Services Fund
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2021 and 2020

Note 7 – Employee Retirement Plan (Continued)

A. CalPERS Pension Plan (Continued)

Annual cost-of-living adjustments (COLAs) after retirement are provided in all plans. COLAs are granted to retired members each May based upon the Bureau of Labor Statistics Average Consumer Price Index for All Urban Consumers for the previous calendar year and is subject to a maximum of 2% per annum. The Plans' provisions and benefits are summarized as follows:

	Miscellaneous Tier 1	Miscellaneous Tier 2	Miscellaneous PEPRA
Hire date	On or before December 13, 2012	December 14, 2012 to December 31, 2012	On or after January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	55	60	62
Monthly benefits as a % of eligible compensation	2.70%	2.00%	2.00%
Required employee contribution rates	8.00%	7.00%	7.75%
Required employer contribution rates	11.71%	11.71%	11.71%

Net Pension Liability

Net pension liability is reported in the accompanying statement of net position as follows:

	2021	2020
Net pension liability	\$ 2,561,097	\$ 2,373,353
Total	\$ 2,561,097	\$ 2,373,353

Employees Covered

At the June 30, 2019 (June 30, 2021 reporting date) and June 30, 2018 (June 30, 2020 reporting date) measurement dates, the following employees were covered by the benefit terms for the Miscellaneous Plan (the County does not specifically identify Transit Services Fund participation numbers):

	2021	2020
Active employees	732	725
Inactive employees entitled to but not yet receiving benefits	801	811
Inactive employees or beneficiaries currently receiving benefits	1,568	1,513
Total	3,101	3,049

County of Nevada Transit Services Fund
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2021 and 2020

Note 7 – Employee Retirement Plan (Continued)

A. CalPERS Pension Plan (Continued)

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law (“PERL”) 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. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. 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 County is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the years ended June 30, 2021 and 2020, contributions to the Plan were the following:

	2021	2020
Contributions - employer	\$ 276,485	\$ 248,053

B. Net Pension Liability

The County’s net pension liability for the Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability as of June 30, 2021 is shown below.

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.625%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.25% net of pension plan investment and administrative expenses; includes inflation
Mortality Rate Table	Derived using CalPERS’ Membership Data for all Funds. The mortality table used was developed based on CalPERS’ specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

County of Nevada Transit Services Fund
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2021 and 2020

Note 7 – Employee Retirement Plan (Continued)

B. Net Pension Liability (Continued)

A summary of principal assumptions and methods used to determine the net pension liability as of June 30, 2020 is shown below.

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.625%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.25% net of pension plan investment and administrative expenses; includes inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the 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. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building block method in which 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, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) 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 PERF 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 equal to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent. The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

County of Nevada Transit Services Fund
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2021 and 2020

Note 7 – Employee Retirement Plan (Continued)

B. Net Pension Liability (Continued)

Discount Rate (Continued)

The long-term expected rate of return by asset class for the measurement period ended June 30, 2020 was as follows:

Asset Class	New Strategic Allocation	Real Return Years 1-10 ¹	Real Return Years 11+ ²
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
	100%		

¹An expected inflation of 2.0% used for this period

²An expected inflation of 2.92% used for this period

The long-term expected rate of return by asset class for the measurement period ended June 30, 2019 was as follows:

Asset Class	New Strategic Allocation	Real Return Years 1-10 ¹	Real Return Years 11+ ²
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
	100%		

¹An expected inflation of 2.0% used for this period

²An expected inflation of 2.92% used for this period

County of Nevada Transit Services Fund
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2021 and 2020

Note 7 – Employee Retirement Plan (Continued)

B. Net Pension Liability (Continued)

Changes in the Net Pension Liability

The changes in the net pension liability for the measurement period ended June 30, 2020 (reporting date June 30, 2021) are as follows:

Miscellaneous Plan			
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2019 (Valuation Date)	\$ 6,817,038	\$ 4,443,685	\$ 2,373,353
Changes in the year:			
Service cost	130,827	-	130,827
Interest on the total pension liability	492,133	-	492,133
Changes of assumptions	-	-	-
Differences between expected and actual experience	50,954	-	50,954
Benefit payments, including refunds of members contributions	(409,827)	(409,827)	-
Plan to plan resource movement	-	-	-
Contributions - employer	-	248,053	(248,053)
Contributions - employees	-	59,439	(59,439)
Net investment income	-	227,409	(227,409)
Administrative expenses	-	(6,405)	6,405
Proportional differences	47,327	5,001	42,326
Net changes	311,414	123,670	187,744
Balance at June 30, 2020 (Measurement Date)	<u>\$ 7,128,452</u>	<u>\$ 4,567,355</u>	<u>\$ 2,561,097</u>

The changes in the net pension liability for the measurement period ended June 30, 2019 (reporting date June 30, 2020) are as follows:

Miscellaneous Plan			
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2018 (Valuation Date)	\$ 6,483,620	\$ 4,258,484	\$ 2,225,136
Changes in the year:			
Service cost	126,564	-	126,564
Interest on the total pension liability	463,297	-	463,297
Changes of assumptions	-	-	-
Differences between expected and actual experience	116,808	-	116,808
Benefit payments, including refunds of members contributions	(374,973)	(374,973)	-
Plan to plan resource movement	-	-	-
Contributions - employer	-	230,472	(230,472)
Contributions - employees	-	54,070	(54,070)
Net investment income	-	276,153	(276,153)
Administrative expenses	-	(3,031)	3,031
Proportional changes	1,722	2,510	(788)
Net changes	333,418	185,201	148,217
Balance at June 30, 2019 (Measurement Date)	<u>\$ 6,817,038</u>	<u>\$ 4,443,685</u>	<u>\$ 2,373,353</u>

County of Nevada Transit Services Fund
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2021 and 2020

Note 7 – Employee Retirement Plan (Continued)

B. Net Pension Liability (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following represents the Transit Services Fund’s net pension liability calculated using the discount rate, as well as what the Transit Services Fund’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Year Ended June 30,	Plan's Aggregate Net Pension Liability/(Asset)		
	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15)
2021	\$ 3,447,889	\$ 2,561,097	\$ 1,836,003
2020	\$ 3,212,801	\$ 2,373,353	\$ 1,677,464

Pension Plan Fiduciary Net Position

Detailed information about the Plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

C. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the years ended June 30, 2021 and 2020, the Transit Services Fund recognized pension expense of \$276,743 and \$248,405, respectively.

Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions of method, and plan benefits. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over five years straight-line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

At June 30, 2021 and 2020, the Transit Services Fund reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous Plan			
	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions after measurement date	\$ 276,485	\$ -	\$ 248,053	\$ -
Changes of assumptions	-	-	-	(4,683)
Difference between expected and actual experience	49,627	-	76,170	(20,392)
Difference between projected and actual earnings on pension plan investments	36,521	-	-	-
Total	\$ 362,633	\$ -	\$ 324,223	\$ (25,075)

County of Nevada Transit Services Fund
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2021 and 2020

Note 7 – Employee Retirement Plan (Continued)

C. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The \$276,485 reported as deferred outflows of resources related to pensions resulting from Transit Services Fund contributions subsequent to the measurement date at June 30, 2021 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

The \$248,053 reported as deferred outflows of resources related to pensions resulting from Transit Services Fund contributions subsequent to the measurement date at June 30, 2020 were recognized as a reduction of the net pension liability in the year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	2021	2020
2021	\$ -	\$ 100,959
2022	22,855	15,283
2023	20,984	(40,979)
2024	23,666	25,982
2025	18,643	-
2026	-	-
Thereafter	-	-
	\$ 86,148	\$ 101,245

At June 30, 2021 and 2020, the Transit Services Fund did not owe anything to the Plan.

Note 8 – Other Postemployment Benefits (OPEB)

A. Plan Description

The County of Nevada provides, under a defined benefit plan, retiree healthcare benefits to qualifying employees retiring directly from the County. The benefit level is determined by date of hire and length of service. The County has contracted for medical coverage to be provided through an agent multiple-employer CalPERS Healthcare (“PEMHCA”) plan.

The County has established an irrevocable trust with CalPERS – California Employers’ Retiree Benefit Trust Fund (“CERBT”) to deposit the contributions above the current year pay-as-you-go portion. CERBT issues a publicly available financial report including GASB 43 disclosure information in the aggregate with the other CERBT participating employers. That report may be obtained by contacting CalPERS, P.O. Box 942703, Sacramento, CA 94229-2703 or www.calpers.ca.gov.

The County pays the least expensive available plan single premium up to Medicare eligible age for retirees with more than 20 years of County Service. Employees hired before July 1, 2000, with less than 20 years of County service at retirement, receive a fixed stipend amount. After reaching Medicare eligible age, the County also pays 80% of the least expensive Medicare supplemental plan single premium for all retirees hired before July 1, 2000 and for employees hired after July 1, 2000 with 20 years of County service. For safety employees with disability retirement, the County pays 100% of the least expensive medical single premium for life.

County of Nevada Transit Services Fund
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2021 and 2020

Note 8 – Other Postemployment Benefits (OPEB) (Continued)

A. Plan Description (Continued)

Employees hired on-or-after July 1, 2008—Employees hired on or after July 1, 2008, and who retire from the County, the County will continue to provide access to medical insurance coverage for those employees who retire from employment with the County and who constitute “annuitants” as defined by PEMHCA only.

Net OPEB Liability

Net OPEB liability is reported in the accompanying statement of net position as follows:

	2021	2020
Net OPEB liability	\$ 311,330	\$ 299,574
Total	\$ 311,330	\$ 299,574

B. Employees Covered by Benefit Terms

At June 30, 2021 and 2020, the following employees were covered by the benefit terms (the County does not specifically identify Transit Services Fund participation numbers):

	2021	2020
Active employees	772	743
Inactive employees or beneficiaries currently receiving benefits	632	614
Inactive employees entitled to but not yet receiving benefits	393	368
Total	1,797	1,725

C. Contributions

The contribution rate is determined on an annual basis by an independent actuary and is authorized by the County Board of Supervisors. For the year ended June 30, 2021 and 2020, the County’s average contribution rate was 7.3 and 7.3 percent of covered-employee payroll, respectively. Employees are not required to contribute to the plan. The Transit Services Fund’s contributions to the Plan were as follows:

	2021	2020
Contributions	\$ 59,364	\$ 50,146
Total	\$ 59,364	\$ 50,146

D. Actuarial Assumptions

The Transit Service Fund’s net OPEB liability at June 30, 2021 was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019.

County of Nevada Transit Services Fund
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2021 and 2020

Note 8 – Other Postemployment Benefits (OPEB) (Continued)

D. Actuarial Assumptions (Continued)

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified:

Actuarial Assumptions:

Actuarial valuation date	June 30, 2019
Contribution policy	County contributes full actuarially determined contribution
Discount Rate	6.75%
Expected long-term investment rate of return	6.75%
Salary increases	3.00%
General inflation	2.75% annually
Mortality, retirement, termination, and disability	CalPERS 1997-2015 experience study
Mortality improvement	Mortality projected fully generational with Scale MP-2018
Healthcare Trend Rate	Non-medicare - 7.25% for 2021, decreasing to an ultimate rate of 0.0% in 2076 and later years Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years
Healthcare participation for future retirees	Hires before 7/1/08 - 65% without 20 years service and 95% with 20 years service
Cap increases	Fixed cap: 0% Premium cap: healthcare trend rate

The Transit Service Fund's net OPEB liability at June 30, 2020 was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019.

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the same actuarial assumptions shown above.

E. Target Asset Allocation

The long-term expected rate of 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.

For the years ended June 30, 2021 and 2020, the target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	New Strategic Allocation	Long-Term Expected Real Rate of Return
Global equity	59.00%	4.82%
Fixed Income	25.00%	1.47%
TIPS	5.00%	1.29%
Commodities	3.00%	0.84%
REITs	8.00%	3.76%
Total	<u>100.00%</u>	

County of Nevada Transit Services Fund
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2021 and 2020

Note 8 – Other Postemployment Benefits (OPEB) (Continued)

F. Changes in the Net OPEB Liability

The changes in the net OPEB liability for the year ended June 30, 2021 are as follows:

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance - June 30, 2020	\$ 653,331	\$ 353,757	\$ 299,574
Changes Recognized for the Measurement Period:			
Service Cost	17,112	-	17,112
Interest on the total OPEB liability	47,665	-	47,665
Changes of benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	19,964	-	19,964
Contributions from the employer	-	59,364	(59,364)
Net investment income	-	13,960	(13,960)
Benefit payments	(33,969)	(33,969)	-
Administrative expenses	-	(339)	339
Net changes	<u>50,772</u>	<u>39,016</u>	<u>11,756</u>
Balance - June 30, 2021	<u>\$ 704,103</u>	<u>\$ 392,773</u>	<u>\$ 311,330</u>

The changes in the net OPEB liability for the year ended June 30, 2020 are as follows:

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance - June 30, 2019	\$ 693,495	\$ 318,085	\$ 375,410
Changes Recognized for the Measurement Period:			
Service Cost	16,889	-	16,889
Interest on the total OPEB liability	46,847	-	46,847
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(71,734)	-	(71,734)
Changes of assumptions	446	-	446
Contributions from the employer	-	50,146	(50,146)
Net investment income	-	20,423	(20,423)
Benefit payments	(32,612)	(32,612)	-
Administrative expenses	-	(2,285)	2,285
Net changes	<u>(40,164)</u>	<u>35,672</u>	<u>(75,836)</u>
Balance - June 30, 2020	<u>\$ 653,331</u>	<u>\$ 353,757</u>	<u>\$ 299,574</u>

County of Nevada Transit Services Fund
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2021 and 2020

Note 8 – Other Postemployment Benefits (OPEB) (Continued)

G. Discount Rate and Trend Sensitivity

The following presents the total OPEB liability of the Transit Services Fund, as well as what the Transit Services Fund's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current discount rate:

	Plan's Net OPEB Liability		
	Discount Rate - 1% (5.75%)	Current Discount Rate (6.75%)	Discount Rate + 1% (7.75%)
2021	\$ 405,223	\$ 311,330	\$ 233,831
2020	\$ 383,904	\$ 299,574	\$ 228,247

The following presents the total OPEB liability of the Transit Services Fund, as well as what the Transit Services Fund's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5 percent decreasing to 4.0 percent) or 1-percentage-point higher (6.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	Plan's Net OPEB Liability		
	Discount Rate - 1% (4.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (5.5% decreasing to 5.0%)	Discount Rate + 1% (6.5% decreasing to 6.0%)
2021	\$ 221,323	\$ 311,330	\$ 421,857
2020	\$ 222,444	\$ 299,574	\$ 391,852

H. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal years ended June 30, 2021 and 2020, the Transit Services Fund recognized OPEB expense of \$24,291 and \$27,739, respectively.

At June 30, 2021 and 2020, the Transit Services Fund reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following areas:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after measurement date	\$ 59,364	\$ -	\$ 50,146	\$ -
Difference between expected and actual experience	-	(45,868)	-	(57,268)
Changes of assumptions	295	(6,977)	360	-
Net difference between projected and actual earning on OPEB plan investments	11,067	-	1,314	-
Total	\$ 70,726	\$ (52,845)	\$ 51,820	\$ (57,268)

The \$59,364 reported as deferred outflows of resources related to OPEB resulting from Transit Services Fund contributions subsequent to the measurement date at June 30, 2021 will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022.

County of Nevada Transit Services Fund
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2021 and 2020

Note 8 – Other Postemployment Benefits (OPEB) (Continued)

I. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

The \$50,146 reported as deferred outflows of resources related to OPEB resulting from Transit Services Fund contributions subsequent to the measurement date at June 30, 2020 were recognized as a reduction of the net OPEB liability in the year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Period Ended June 30,	2021	2020
2021	\$ -	\$ (14,223)
2022	(14,354)	(14,223)
2023	(14,354)	(14,210)
2024	(12,773)	(12,938)
2025	1,015	-
2026	(1,017)	-
Thereafter	-	-
	\$ (41,483)	\$ (55,594)

At June 30, 2021 and 2020, the Transit Services Fund did not owe anything to the Plan.

Note 9 – 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 Transit Services Fund participates in the County’s self-insurance program and also maintains commercial insurance policies through third parties. Cash in the amount of \$85,078 and \$83,736 at June 30, 2021 and 2020, respectively, was restricted for insurance purposes.

Note 10 – Contingent Liabilities

The Transit Services Fund receives a significant portion of its revenues from the State of California (passed through the Commission). Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the state government. Any disallowed claims, including amounts already collected, may constitute a liability of the Transit Services Fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although management expected such amounts, if any, would be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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County of Nevada Transit Services Fund
Required Supplementary Information (Unaudited)
Schedule of Changes in the Net Pension Liability and Related Ratios
Last Ten Fiscal Years
Miscellaneous Plan
As of June 30, 2021

Fiscal year ended Measurement date	June 30, 2021 June 30, 2020	June 30, 2020 June 30, 2019
Total pension liability		
Service cost	\$ 130,827	\$ 126,564
Interest on total pension liability	492,133	463,297
Changes in assumptions	-	-
Differences between expected and actual experience	50,954	116,808
Changes in benefit terms	-	-
Proportional changes	47,327	1,722
Benefit payments, including refunds of employee contributions	(409,827)	(374,973)
Net change in total pension liability	311,414	333,418
Total pension liability - beginning	6,817,038	6,483,620
Total pension liability - ending (a)	\$ 7,128,452	\$ 6,817,038
Plan fiduciary net position		
Contributions - employer	\$ 248,053	\$ 230,472
Contributions - employee	59,439	54,070
Investment income (net of administrative expenses)	227,409	276,153
Benefit payments	(409,827)	(374,973)
Plan to plan resource movement	5,001	2,510
Administrative expenses	(6,405)	(3,031)
Net change in plan fiduciary net position	123,670	185,201
Plan fiduciary net position - beginning	4,443,685	4,258,484
Plan fiduciary net position - ending (b)	\$ 4,567,355	\$ 4,443,685
Net pension liability - ending (a)-(b)	\$ 2,561,097	\$ 2,373,353
Plan fiduciary net position as a percentage of the total pension liability	64.07%	65.18%
Covered payroll	\$ 757,253	\$ 716,454
Net pension liability as a percentage of covered-employee payroll	338.21%	331.26%

Notes to Schedule:

Benefit changes: There were no changes in benefits.

Changes in assumptions: In 2020, there were no changes. In 2019, there were no changes. In 2018, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2017, there were no changes. In 2016, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expenses) to 7.65 percent (without a reduction for pension plan administrative expense).

Historical information is presented only for measurement periods for which GASB 68 is implemented. Only two years are available.

County of Nevada Transit Services Fund
Required Supplementary Information (Unaudited)
Schedule of Contributions
Last Ten Fiscal Years *
For the Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution (actuarially determined)	\$ 276,485	\$ 248,053	\$ 230,472
Contributions in relation to the actuarilly determined contributions	<u>(276,485)</u>	<u>(248,053)</u>	<u>(230,472)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 757,253	\$ 716,454	\$ 695,586
Contributions as a percentage of covered payroll	36.51%	34.62%	33.13%
Notes to Schedule:			
Valuation date	6/30/2019	6/30/2018	6/30/2017
Methods and assumptions used to determine contribution rates:			
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)
Asset valuation method	Fair value	Fair value	Fair value
Inflation	2.625%	2.625%	2.75%
Salary increases	(2)	(2)	(2)
Investment rate of return	7.25% (3)	7.25% (3)	7.375% (3)
Retirement age	(4)	(4)	(4)
Mortality	(5)	(5)	(5)

(1) Level percentage of payroll, closed

(2) Depending on age, service, and type of employment

(3) Net of pension plan investment expense, including inflation

(4) The probabilities of retirement are based on the CalPERS 2014 Experience Study for the period from 1997 to 2018

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS

* Historical information is only available for periods where GASB 68 is applicable. Only three years of information is available.

County of Nevada Transit Services Fund
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios
Last Ten Fiscal Years ¹
For the Year Ended June 30, 2021

Fiscal year end	<u>6/30/2021 ¹</u>	<u>6/30/2020 ¹</u>
Measurement date	6/30/2020	6/30/2019
Total OPEB liability		
Service cost	\$ 17,112	\$ 16,889
Interest	47,665	46,847
Changes of benefit terms	-	-
Differences between expected and actual experience	-	(71,734)
Changes of assumptions	19,964	446
Implicit rate subsidy fulfilled	-	-
Benefit payments, including refunds of member contributions	<u>(33,969)</u>	<u>(32,612)</u>
Net change in total OPEB liability	50,772	(40,164)
Total OPEB liability - beginning	<u>653,331</u>	<u>693,495</u>
Total OPEB liability - ending (a)	<u><u>\$ 704,103</u></u>	<u><u>\$ 653,331</u></u>
OPEB fiduciary net position		
Contributions - employer	\$ 59,364	\$ 50,146
Net investment income	13,960	20,423
Benefit payments, including refunds of member contributions	(33,969)	(32,612)
Implicit rate subsidy fulfilled	-	-
Administrative expense	<u>(339)</u>	<u>(2,285)</u>
Net change in plan fiduciary net position	39,016	35,672
Plan fiduciary net position - beginning	<u>353,757</u>	<u>318,085</u>
Plan fiduciary net position - ending (b)	<u>392,773</u>	<u>353,757</u>
Plan net OPEB liability - ending (a) - (b)	<u><u>\$ 311,330</u></u>	<u><u>\$ 299,574</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	55.78%	54.15%
Covered payroll	\$ 715,653	\$ 694,809
Plan net OPEB liability as a percentage of covered payroll	43.50%	43.12%

¹ Historical information is presented only for periods for which GASB 75 is implemented. Only two years are available.

County of Nevada Transit Services Fund
Required Supplementary Information (Unaudited)
Schedule of Contributions - OPEB
Last Ten Fiscal Years ¹
For the Year Ended June 30, 2021

Report Date	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Actuarially determined contribution	\$ 59,364	\$ 50,146
Contributions in relation to the actuarially determined contributions	<u>(59,364)</u>	<u>(50,146)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 715,653	\$ 694,809
Contributions as a percentage of covered payroll	8.30%	7.22%
Notes to Schedule:		
Valuation Date	6/30/2019	6/30/2019
Methods and Assumptions Used to Determine Contribution Rates:		
Actuarial cost method	Entry age normal, level percentage of pay	
Amortization method	Closed period, level percentage of pay	
Amortization period	20 years	
Inflation	2.50%	
Assumed payroll growth	2.75%	
Healthcare trend rates	6.00% trending down to 3.84%	
Rate of return on assets	7.61%	
Mortality rates	Derived from CalPERS pension plan updated to reflect most recent experience study	

¹ Historical information is only available for periods where GASB 75 is applicable. Only two years are available.

SUPPLEMENTARY INFORMATION
(Unaudited)

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County of Nevada Transit Services Fund
Statements of Revenues, Expenses and Changes in Net Position - by Operation
For the Year Ended June 30, 2021

	Gold Country Stage	Para Transit	Totals
OPERATING REVENUES			
Passenger fares	\$ 96,191	\$ 33,069	\$ 129,260
Contributions from other agencies	43,028	-	43,028
Other operating revenues	206	-	206
Total operating revenues	139,425	33,069	172,494
OPERATING EXPENSES			
Salaries and benefits	1,594,532	-	1,594,532
Professional services	453,850	1,137,104	1,590,954
Maintenance, supplies, and utilities	464,230	-	464,230
Insurance claims payments	115,104	-	115,104
Administration and overhead	240,348	-	240,348
Rent	6,516	-	6,516
Depreciation	248,244	-	248,244
Total operating expenses	3,122,824	1,137,104	4,259,928
Operating income	(2,983,399)	(1,104,035)	(4,087,434)
NONOPERATING REVENUES (EXPENSES)			
Local Transportation funds	2,186,447	1,104,035	3,290,482
State Transit Assistance	193,446	-	193,446
FTA Section 5311	28,684	-	28,684
Net interest income (expense)	14,277	-	14,277
Other revenues	73,289	-	73,289
Other expenses	(71,790)	-	(71,790)
Total nonoperating revenues (expenses)	2,434,853	1,104,035	3,538,888
Change in net position	\$ (548,546)	\$ -	\$ (548,546)

County of Nevada Transit Services Fund
Statements of Revenues, Expenses and Changes in Net Position - by Operation
For the Year Ended June 30, 2020

	Gold Country Stage	Para Transit	Totals
OPERATING REVENUES			
Passenger fares	\$ 150,757	\$ 61,313	\$ 212,070
Contributions from other agencies	71,549	-	71,549
Other operating revenues	900	-	900
Total operating revenues	223,206	61,313	284,519
OPERATING EXPENSES			
Salaries and benefits	1,770,637	-	1,770,637
Professional services	1,617,216	-	1,617,216
Maintenance, supplies, and utilities	569,898	-	569,898
Insurance claims payments	97,596	-	97,596
Administration and overhead	216,124	-	216,124
Rent	27,680	-	27,680
Depreciation	434,681	-	434,681
Total operating expenses	4,733,832	-	4,733,832
Operating income	(4,510,626)	61,313	(4,449,313)
NONOPERATING REVENUES (EXPENSES)			
Local Transportation funds	2,841,827	1,084,357	3,926,184
State Transit Assistance	-	-	-
FTA Section 5311	497,313	-	497,313
LCTOP funds	80,000	-	80,000
Net interest income (expense)	26,639	-	26,639
Gain (loss) on sale or disposition of assets	(31,160)	-	(31,160)
Other revenues	1,668	-	1,668
Other expenses	(521,648)	-	(521,648)
Total nonoperating revenues (expenses)	2,894,639	1,084,357	3,978,996
Change in net position	\$ (1,615,987)	\$ 1,145,670	\$ (470,317)

County of Nevada Transit Services Fund
Schedule of Regional Surface Transportation (RSTP) Proceeds
For the Year Ended June 30, 2021

RSTP proceeds received	\$ 698,861
Expenditures incurred:	
Road maintenance projects	645,303
Donner Pass Road Project	53,558
Total expenditures incurred	<u>698,861</u>
Unexpended proceeds	<u><u>\$ -</u></u>

County of Nevada Transit Services Fund
Schedule of PTMISEA Proposition 1B Proceeds
For the Year Ended June 30, 2021

Beginning balance	\$	386,407
Proceeds received:		
PTMISEA		-
Interest allocated to unspent proceeds		5,809
Expenditures incurred:		
Bus stop improvements		(60,313)
Capital expenditures for other capital projects		(21,672)
Unexpended proceeds	\$	310,231



**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***

Independent Auditors' Report

To the Board of Supervisors
of the County of Nevada
Nevada City, 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 Transit Services Fund (the "Fund") of the County of Nevada (the "County"), which comprise the statement of net position as of June 30, 2021, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the basic financial statements and have issued our report thereon dated May 5, 2022. The financial statements present only the financial position of the Fund, and do not purport to, and do not, present fairly the financial position of the County as of June 30, 2021, and the changes in its financial position and cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered County's internal control over financial reporting (internal control) to determine the 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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control as it relates to the Fund.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 determination of financial statement amounts. 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*.

In connection with our audit referred to above, we also performed an audit for compliance with the Transportation Development Act, the *California Code of Regulations*, and the rules and regulations and allocation instructions of the Nevada County Transportation Commission, for the year ended June 30, 2021. In connection with our audit, we performed to the extent applicable, the compliance audit tasks set forth in Section 6667 of the *California Code of Regulations*. The results of performing the tasks specified in Section 6667 disclosed no instances of noncompliance with the applicable statutes, rules, and regulations of the Act, and the allocation instructions and resolutions of the Nevada County Transportation Commission. In our opinion, the funds allocated to and received by the Fund for the year ended June 30, 2021, pursuant to the Transportation Development Act, were accounted for and expended in conformance with the Transportation Development Act, the *California Code of Regulations*, and the rules and regulations and allocation instructions of the Nevada County Transportation Commission.

Also, as part of our audit we performed tests of compliance to determine whether certain funding was received and expended in accordance with the applicable regulations set forth within section 182.6 of the *California Streets and Highways Code* ("S&HC"). In September 1992, Senate Bill ("SB") 1435, amended Section 182.6 of the S&HC to redefine the Optional Federal Exchange program under the Intermodal Surface Transportation Efficiency Act ("ISTEA"). The Regional Surface Transportation Program ("RSTP") is accounted for in compliance with *California Streets and Highways Code* Section 182.6 and the annual Federal Apportionment Exchange Agreement between NCTC and the State of California and is fairly presented in accordance with generally accepted accounting principles. Section 182.6 of the S&HC defines the process through which the department (CalTrans) apportions RSTP funds to metropolitan planning organizations, transportation planning agencies, and county transportation commissions. For the year ended June 30, 2021, the RSTP funds received and expended were verified in the course of our audit are included in the Schedule of Regional Surface Transportation Program Proceeds within the Supplementary Information.

Also, as part of our audit we performed tests of compliance to determine whether certain State bonds funds were received and expended in accordance with the applicable bond act and State accounting requirements. 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 the statute as the Public Transportation Modernization Improvement and Service Enhancement Account ("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. For the year ended June 30, 2021, the PTMISEA funds received and expended were verified in the course of our audit are included in the Schedule of PTMISEA Proposition 1B Proceeds within the Supplementary Information.

To the Board of Supervisors
of the County of Nevada
Nevada City, California
Page 3

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 to express an opinion on the compliance of the Fund with the Transportation Development Act, the *California Code of Regulations*, and the rules and regulations and allocation instructions of the Nevada County Transportation Commission, and not to provide an opinion on the effectiveness of the Fund's internal control or on other compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "The PwC Group, LLP". The signature is written in a cursive, flowing style.

San Diego, California
May 5, 2022

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SCHEDULE OF FINDINGS AND RESPONSES

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County of Nevada Transit Services Fund
Schedule of Findings and Responses
For the Year Ended June 30, 2021

Section I -- Current Year Findings and Responses

No findings noted for the year ended June 30, 2021.

Section II – Prior Year Findings and Responses

2020-001

Condition

During our audit of the current year, we identified audit adjustments that were material to the financial statements, and which were required in order for the financial statements to be prepared in accordance and/or conformity with generally accepted accounting principles.

Criteria

All adjustments necessary for financial statements to be prepared in accordance and/or conformity with generally accepted accounting principles should be identified and posted by the County.

Effect

Financial statements which are not in conformity with generally accepted accounting principles could have been prepared and distributed.

Recommendation

We recommend that management take steps to ensure that all adjustments necessary to prepare financial statements in conformity with generally accepted accounting principles be identified and posted prior to the start of the audit.

Response

The adjustment was related to expenses being misapplied to Transit's various grant funds for the calculation of unearned Local Transportation Fund revenues. The County is in the process of implementing a grant reporting software system which will improve the accuracy of grant expense information for fiscal year end reporting.

Status

Implemented.

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