

# **Town of Truckee Transit Fund**

Truckee, California

## **Financial Statements and Independent Auditors' Report**

*For the Years Ended June 30, 2021 and 2020*



**Town of Truckee Transit Fund**  
**Basic Financial Statements**  
**For the Years Ended June 30, 2021 and 2020**

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## INDEPENDENT AUDITORS' REPORT

To the Town Council  
of the Town of Truckee  
Truckee, California

### **Report on Financial Statements**

We have audited the accompanying financial statements of the Transit Fund (the "Transit Fund") of the Town of Truckee (the "Town"), 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 Transit Fund's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

The Town's 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 Transit 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 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, 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 opinions on the financial statements that collectively comprise the Transit Fund's financial statements. The Schedule of PTMISEA Proposition 1B Proceeds and Schedule of State of Good Repair Proceeds are presented for purposes of additional analysis as required by the Transportation Development Act and the *California Code of Regulations* and are also not a required part of the basic financial statements.

The Schedule of PTMISEA Proposition 1B Proceeds and Schedule of State of Good Repair 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 Schedule of PTMISEA Proposition 1B Proceeds and Schedule of State of Good Repair Proceeds are fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Town Council  
of the Town of Truckee  
Truckee, California  
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**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 Town's internal control over financial reporting and compliance.

*The Pw Group, LLP*

San Diego, California  
May 5, 2022

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## **BASIC FINANCIAL STATEMENTS**

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**Town of Truckee Transit Fund**  
**Statements of Net Position**  
**June 30, 2021 and 2020**

	2021	2020
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ -	\$ 434,571
Accounts receivable	322,926	52,542
Due from other agencies	683,158	490,757
Total current assets	1,006,084	977,870
Noncurrent assets:		
Capital assets:		
Capital assets - being depreciated, net	547,029	391,835
Total noncurrent assets	547,029	391,835
<b>Total assets</b>	1,553,113	1,369,705
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension-related deferred outflows of resources	35,891	35,698
OPEB-related deferred outflows of resources	3,899	4,146
<b>Total deferred outflows of resources</b>	39,790	39,844
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	138,731	204,905
Due to Town of Truckee	643,231	-
Unearned revenue	321,516	774,530
Compensated absences - due within one year	2,632	998
Total current liabilities	1,106,110	980,433
Noncurrent liabilities:		
Net pension liability	151,852	130,205
Net OPEB liability	5,736	5,661
Compensated absences, net of current portion	19,992	21,776
Total noncurrent liabilities	177,580	157,642
<b>Total liabilities</b>	1,283,690	1,138,075
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension-related deferred inflows of resources	9,095	14,500
OPEB-related deferred inflows of resources	177	28
<b>Total deferred inflows of resources</b>	9,272	14,528
<b>NET POSITION</b>		
Net investment in capital assets	547,029	391,835
Unrestricted	(247,088)	(134,889)
<b>Total net position</b>	\$ 299,941	\$ 256,946

See accompanying Notes to the Basic Financial Statements.

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**Town of Truckee Transit Fund**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Years Ended June 30, 2021 and 2020**

	2021	2020
<b>OPERATING REVENUES</b>		
Passenger fares and private contributions	\$ 238,283	\$ 123,111
Other community shuttle funding	-	73,300
<b>Total operating revenues</b>	<u>238,283</u>	<u>196,411</u>
<b>OPERATING EXPENSES</b>		
Salaries and benefits	197,368	178,959
Professional services	930,073	898,865
Maintenance and fuel	241,506	204,562
Office expense	144,270	93,497
Depreciation	74,488	76,483
<b>Total operating expenses</b>	<u>1,587,705</u>	<u>1,452,366</u>
<b>Operating income</b>	<u>(1,349,422)</u>	<u>(1,255,955)</u>
<b>PUBLIC SUPPORT AND NONOPERATING REVENUES (EXPENSES)</b>		
Local Transportation funds	536,099	488,481
State Transit Assistance funds	21,155	138,614
Grants	827,791	472,890
Interest	(2,641)	(653)
<b>Total nonoperating revenues (expenses)</b>	<u>1,382,404</u>	<u>1,099,332</u>
<b>Income before contributions</b>	<u>32,982</u>	<u>(156,623)</u>
<b>Contributions</b>	<u>-</u>	<u>38,543</u>
<b>Transfers:</b>		
Transfers from Town of Truckee	42,047	72,823
Transfers to Town of Truckee	(32,034)	(31,245)
<b>Total transfers</b>	<u>10,013</u>	<u>41,578</u>
<b>Changes in net position</b>	42,995	(76,502)
<b>Net position, beginning of year</b>	<u>256,946</u>	<u>333,448</u>
<b>Net position, end of year</b>	<u><u>\$ 299,941</u></u>	<u><u>\$ 256,946</u></u>

**Town of Truckee Transit Fund**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2021 and 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ (224,502)	\$ 107,483
Payments to employees	(180,998)	(149,783)
Payments to suppliers	(1,382,023)	(1,039,672)
<b>Net cash used in operating activities</b>	<b>(1,787,523)</b>	<b>(1,081,972)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Local Transportation Funds allocations	536,099	556,177
Local Transportation Funds returned	-	(290,875)
State Transit Assistance allocations	397,392	599,911
State Transit Assistance funds returned	(376,237)	-
Federal, state, and local grants	145,095	341,923
Short-term loan from Town of Truckee	643,231	-
Transfers from Town of Truckee	10,013	41,578
<b>Net cash provided by noncapital financing activities</b>	<b>1,355,593</b>	<b>1,248,714</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Interest paid	(2,641)	(1,450)
Capital grants received	229,682	39,340
Acquisition and construction of capital assets	(229,682)	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(2,641)</b>	<b>37,890</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(434,571)</b>	<b>204,632</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>434,571</b>	<b>229,939</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ -</b>	<b>\$ 434,571</b>

(Continued)

**Town of Truckee Transit Fund**  
**Statements of Cash Flows (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

	2021	2020
<b>RECONCILIATION OF OPERATING INCOME TO</b>		
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income	\$ (1,349,422)	\$ (1,255,955)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	74,488	76,483
Changes in operating assets and liabilities:		
Accounts receivable	(270,384)	(88,928)
Due from other agencies	(192,401)	-
Deferred outflows of resources from pensions	(193)	1,123
Deferred outflows of resources from OPEB	247	(3,656)
Accounts payable	(66,174)	157,252
Compensated absences	(150)	7,613
Net pension liability	21,647	18,404
Net OPEB liability	75	3,698
Deferred inflows of resources from pensions	(5,405)	1,966
Deferred inflows of resources from OPEB	149	28
<b>Net cash used in operating activities</b>	<b>\$ (1,787,523)</b>	<b>\$ (1,081,972)</b>

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## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**Town of Truckee Transit Fund**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2021 and 2020**

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

The financial statements of the Transit Fund of the Town of Truckee (the “Town”), 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 Fund receives allocations from the Nevada Town Transportation Commission (the “Commission”) to operate public transit services.

The financial statements are intended to present only the Transit Fund and do not purport to, and do not, present fairly the financial position of the Town 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 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 Fund are accounted for with a separate set of self-balancing accounts that comprise the Transit Fund’s assets, liabilities, net position, revenues, and expenses.

***C. Measurement Focus and Basis of Accounting***

The activities of the Transit 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 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.

***E. Cash and Cash Equivalents***

The Transit Fund follows the cash and investment policies of the Town. The Transit Fund’s cash is maintained in the Town’s pooled account which is invested in accordance with the Town’s investment policy. Detailed disclosures, including investment policies and associated risk policies, regarding the Town’s cash and cash equivalents can be found in the Town’s June 30, 2021 and 2020 basic financial statements. For purposes of the statements of cash flows, the Town considers all cash in the Transit Fund to be cash and cash equivalents.

**Town of Truckee Transit Fund**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***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 seven 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 Town's pension and other post-employment benefit plans, Town 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. Town 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.

***I. Compensated Absences***

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

***J. Unearned Revenues***

Unearned revenues arise when resources are received by the Transit 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 Fund has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

**Town of Truckee Transit Fund**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**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

**M. Net Position**

The Transit Fund's net position is classified as follows:

**Net Investment in Capital Assets:** This represents the Town'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 Fund that is available for general use.

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

**Town of Truckee Transit Fund**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***N. Risk Management***

The Transit Fund is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in various risk management programs to cover these losses. In addition, the Town utilizes a purchased transit provider who provides for the insurance coverage for risks of loss due to transit operations.

***O. 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	\$ -	\$ 434,571
Total	<u>\$ -</u>	<u>\$ 434,571</u>

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

	2021	2020
Town of Truckee pooled cash	\$ -	\$ 434,571
Total	<u>\$ -</u>	<u>\$ 434,571</u>

**Cash Pooled with Town of Truckee**

The Transit Fund is a participant in the Town of Truckee pooled cash account and maintained cash in the amount of \$0 and \$434,571 in the Town Treasury at June 30, 2021 and June 30, 2020, respectively. The Town pools these funds with those of other funds in the Town and invests the cash. Cash on deposit in the Pool is stated at fair value.

Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the Town of Truckee's basic financial statements.

**Town of Truckee Transit Fund**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

**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	\$ 347,114	\$ -	\$ -	\$ 347,114
Vehicles and equipment	506,460	229,682	-	736,142
Total capital assets, being depreciated	853,574	229,682	-	1,083,256
Less accumulated depreciation				
Buildings and structures	(186,402)	(14,970)	-	(201,372)
Vehicles and equipment	(275,337)	(59,518)	-	(334,855)
Total accumulated depreciation	(461,739)	(74,488)	-	(536,227)
Total capital assets, being depreciated, net	391,835	155,194	-	547,029
Total capital assets, net	\$ 391,835	\$ 155,194	\$ -	\$ 547,029

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	\$ 347,114	\$ -	\$ -	\$ 347,114
Vehicles and equipment	846,875	-	(340,415)	506,460
Total capital assets, being depreciated	1,193,989	-	(340,415)	853,574
Less accumulated depreciation				
Buildings and structures	(169,437)	(16,965)	-	(186,402)
Vehicles and equipment	(556,234)	(59,518)	340,415	(275,337)
Total accumulated depreciation	(725,671)	(76,483)	340,415	(461,739)
Total capital assets, being depreciated, net	468,318	(76,483)	-	391,835
Total capital assets, net	\$ 468,318	\$ (76,483)	\$ -	\$ 391,835

Depreciation expense for the years ended June 30, 2021 and 2020, was \$74,488 and \$76,483, 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.

**Town of Truckee Transit Fund**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

**Note 4 – Compliance Requirements of Local Transportation Funds (Continued)**

The Transit 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 Fund must maintain a ratio equaling or exceeding 10%. The Transit Fund's fare ratio of operating revenues to operating expenses, as calculated below, indicates the Transit Fund was 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:

<b>June 30,</b>	<b>2021</b>	<b>2020</b>
Fare revenues	\$ 238,283	\$ 196,411
<b>Applicable operating revenues</b>	<b>\$ 238,283</b>	<b>\$ 196,411</b>
Operating expenses	\$ 1,587,705	\$ 1,452,366
Less: depreciation	(74,488)	(76,483)
<b>Applicable operating expenses</b>	<b>\$ 1,513,217</b>	<b>\$ 1,375,883</b>
<b>Actual fare ratio</b>	<b>15.75%</b>	<b>14.28%</b>

**Note 5 – Unearned Revenue**

The Commission allocates monies to the Transit 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. In addition, other revenue sources often provide funds that have not been earned. At June 30, 2021 and 2020, the Transit Fund had allocations that had been received but not earned as follows:

	<b>TDA</b>	<b>SGR</b>
<b>Unearned Revenue/(Operating Deficit) - July 1, 2019</b>	<b>\$ 290,875</b>	<b>\$ 313,233</b>
Allocations		
Community transit services	27,376	-
Local transportation funds	461,105	-
State Transit Assistance	514,850	-
State of Good Repair	-	144,865
Returned unearned revenue	(290,875)	-
Maximum eligibility:		
Operating	(627,095)	(59,804)
<b>Unearned Revenue/(Operating Deficit) - June 30, 2020</b>	<b>\$ 376,236</b>	<b>\$ 398,294</b>
Allocations:		
Community transit services (LTF)	26,805	-
Local transportation funds	509,295	-
State Transit Assistance	21,155	-
State of Good Repair	-	147,262
Other	-	5,642
Returned unearned revenue (STA)	(376,237)	-
Capital expenditures	-	(229,682)
Maximum eligibility:		
Operating	(669,453)	-
<b>Unearned Revenue/(Operating Deficit) - June 30, 2021 *</b>	<b>\$ (112,199)</b>	<b>\$ 321,516</b>

\* Note: if calculation returns a balance less than \$0, then unearned revenue is \$0.



**Town of Truckee Transit Fund**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

**Note 5 – Unearned Revenue (Continued)**

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:

	<u>2021</u>	<u>2020</u>
Operating expenses	\$ 1,587,705	\$ 1,452,366
Adjustments:		
Depreciation	(74,488)	(76,483)
Farebox revenues and private contributions	(238,283)	(196,411)
Operating grants	(598,109)	(472,890)
Interest (revenues)/expenses	2,641	653
Other adjustments	(10,013)	(80,140)
Total adjustments	<u>(918,252)</u>	<u>(825,271)</u>
<b>Maximum eligibility:</b>	<u><u>\$ 669,453</u></u>	<u><u>\$ 627,095</u></u>

**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	\$ 22,774	\$ 9,278	\$ (9,428)	\$ 22,624	\$ 2,632	\$ 19,992
June 30, 2020	\$ 15,161	\$ 15,594	\$ (7,981)	\$ 22,774	\$ 998	\$ 21,776

**Note 7 – Employee Retirement Plan**

**A. CalPERS Pension Plan**

Plan Description

All qualified permanent and probationary non-safety employees of the Transit Fund are eligible to participate in the Town's Miscellaneous Plan. The Town's Miscellaneous Plan is a cost sharing, multiple-employer defined benefit pension plan. The Town'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 Town resolution. The Town's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and their beneficiaries. CalPERS issues a separate comprehensive annual financial report; however, a separate report for the Town'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.

**Town of Truckee Transit 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)**

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees or a beneficiary. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five or more years of total service are eligible to retire at age 50 with or without statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is Optional Settlement 2W Death Benefit. The cost-of-living adjustments are applied as specified by the California Public Employee's Retirement Law (PERL). The 2.7% at 55 Miscellaneous Plan and the 3.0% at 50 Safety Plan are closed to new entrants.

The Plan's provisions and benefits are summarized as follows:

	Miscellaneous Tier 1	Miscellaneous Tier 2	Miscellaneous PEPRA
Hire date	On or before July 1, 2011	July 1, 2011 to December 31, 2012	On or after January 1, 2013
Benefit formula	2.7% @ 55	2.5% @ 55	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	50-55	50-55	52 and up
Monthly benefits as a % of eligible compensation	2.0% to 2.7%	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8.00%	8.00%	7.25%
Required employer contribution rates	15.037%	12.527%	7.874%

Net Pension Liability

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

	2021	2020
Net pension liability	\$ 151,852	\$ 130,205
<b>Total</b>	<b>\$ 151,852</b>	<b>\$ 130,205</b>

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:

	2021	2020
Active employees	3	3
Transferred and terminated employees	-	-
Retired employees and beneficiaries	-	-
<b>Total</b>	<b>3</b>	<b>3</b>

**Town of Truckee Transit Fund**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

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**Note 7 – Employee Retirement Plan (Continued)**

**A. CalPERS Pension Plan (Continued)**

Contributions

The Plan requires employee contributions equal to some percentage of the employee's annual covered salary. The Town has a variety of agreements regarding these employee contributions to the CalPERS retirement program. These agreements must be ratified by the Town Council. Section 20814 (c) of the PERL requires that the employer contribution rates for all public employers to 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. Fund contributions for the Plan are determined annually on an actuarial basis as of June 30, by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Town 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	\$ 19,222	\$ 17,366

**B. Net Pension Liability**

The Town'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.

Valuation date	June 30, 2019
Measurement date	June 30, 2020
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.

**Town of Truckee Transit Fund**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

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**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.

Valuation date	June 30, 2018
Measurement date	June 30, 2019
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.

**Town of Truckee Transit 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 <sup>1</sup>	Real Return Years 11+ <sup>2</sup>
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%
	<u>100%</u>		

<sup>1</sup>An expected inflation of 2.0% used for this period

<sup>2</sup>An 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 <sup>1</sup>	Real Return Years 11+ <sup>2</sup>
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%
	<u>100%</u>		

<sup>1</sup>An expected inflation of 2.0% used for this period

<sup>2</sup>An expected inflation of 2.92% used for this period

Changes in the Net Pension Liability

The changes in the Transit Fund's proportionate share of the net pension liability for the measurement periods ended June 30, 2020 and June 30, 2019 are as follows:

	Plan Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Miscellaneous</b>			
Balance at: 6/30/19 (Valuation date)	\$ 591,573	\$ 461,368	\$ 130,205
Balance at: 6/30/20 (Measurement date)	665,871	514,019	151,852
Net changes during 2019-2020	<u>\$ 74,298</u>	<u>\$ 52,651</u>	<u>\$ 21,647</u>
Balance at: 6/30/18 (Valuation date)	\$ 505,835	\$ 394,034	\$ 111,801
Balance at: 6/30/19 (Measurement date)	591,573	461,368	130,205
Net changes during 2018-2019	<u>\$ 85,738</u>	<u>\$ 67,334</u>	<u>\$ 18,404</u>

**Town of Truckee Transit Fund**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

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**Note 7 – Employee Retirement Plan (Continued)**

**B. Net Pension Liability (Continued)**

Changes in the Net Pension Liability (Continued)

The Transit Fund's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contribution to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Town's proportionate share of the net pension liability for the Plan as of June 30, 2021 and June 30, 2020 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2019	0.13555%
Proportion - June 30, 2020	0.14171%
Change - Increase/(Decrease)	<u>0.00617%</u>
Proportion - June 30, 2018	0.13022%
Proportion - June 30, 2019	0.13555%
Change - Increase/(Decrease)	<u>0.00533%</u>

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

The following represents the Transit Fund's net pension liability calculated using the discount rate, as well as what the Transit 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,	<u>Plan's Aggregate Net Pension Liability/(Asset)</u>		
	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
2021	\$ 240,999	\$ 151,852	\$ 78,344
2020	\$ 210,212	\$ 130,205	\$ 64,297

Pension Plan Fiduciary Net Position

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

**Town of Truckee Transit 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**

Pension expense is reported in the accompanying statement of revenues, expenses, and changes in net position. For the years ended June 30, 2021 and 2020, the Transit 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 Fund reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Miscellaneous Plan</b>			
	<b>2021</b>		<b>2020</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Contributions after measurement date	\$ 19,222	\$ -	\$ 17,366	\$ -
Changes of assumptions	-	(2,247)	5,026	(4,422)
Difference between expected and actual experience	7,187	-	7,404	(957)
Difference between projected and actual earnings on pension plan investments	3,353	-	-	(5,033)
Changes in employer's proportion	6,129	-	5,683	-
Difference between employer's contributions and employer's proportionate share of contributions	-	(6,848)	219	(4,088)
Total	<u>\$ 35,891</u>	<u>\$ (9,095)</u>	<u>\$ 35,698</u>	<u>\$ (14,500)</u>

The \$19,222 reported as deferred outflows of resources related to pensions resulting from Transit 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 \$17,366 reported as deferred outflows of resources related to pensions resulting from Transit 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,	<b>2021</b>	<b>2020</b>
2021	\$ -	\$ 3,170
2022	2,074	121
2023	2,720	436
2024	1,880	105
2025	900	-
2026	-	-
Thereafter	-	-
	<u>\$ 7,574</u>	<u>\$ 3,832</u>

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

**Town of Truckee Transit Fund**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

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

**A. Plan Description**

The Town has established a Retiree Healthcare Plan (HC Plan), and participates in an agent multiple-employer defined-benefit retiree healthcare plan. The HC Plan provides employees who retire directly from the Town, at a minimum age of 50, with a minimum of five years of service, the Public Employees' Medical and Hospital Care Act (PEMHCA) minimum benefit under the "unequal method". Monthly PEMHCA minimum contribution for active employees in 2021 was \$143 and projected to be \$149 in 2022. The Town's payment toward retiree premiums is the minimum monthly amount permitted under PEHMCA, which is not less than 5% of the active contribution times the number of years the Town has been in PEHMCA. The Town joined PEMHCA in 2012. The Town's contribution for retirees was \$64.35 in 2021 and projected to be \$74.50 in 2022. Surviving spouses of retirees who elect the survivorship benefit are also eligible for this benefit. A separate financial report is not prepared for the HC Plan.

Net OPEB Liability

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

	2021	2020
Net OPEB liability	\$ 5,736	\$ 5,661
Total	\$ 5,736	\$ 5,661

**B. Employees Covered by Benefit Terms**

At June 30, 2021 and 2020, the following employees were covered by the benefit terms:

	2021	2020
Active employees	3	3
Inactives receiving benefits	-	-
Inactives entitled to benefit payments	-	-
Total	3	3

**C. Contributions**

The contribution requirements are established by a Memoranda of Understanding with the applicable bargaining units and may be amended by agreements between the Town and the bargaining units. Employees are not required to contribute to the plan. The Transit Fund's allocated share of contributions to the Plan were as follows:

	2021	2020
Contributions	\$ 791	\$ 527
Total	\$ 791	\$ 527



**Town of Truckee Transit 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**

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.

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	June 30, 2020 Measurement Date
Discount rate	5.5% at June 30, 2019 5.5% at June 30, 2018
Long-term expected rate of return on investments	5.5% at June 30, 2019, net of investment expenses 5.5% at June 30, 2018, net of investment expenses
General inflation	2.75% per annum
Contribution policy	Employer contributes full actuarially determined contribution
Mortality, disability, termination, retirement	CalPERS 1997-2015 Experience Study
Mortality improvement	Mortality projected fully generational with Scale MP-19
Trend	Pre-Medicare: 7/25% for 2021, decreasing to 4.0% for 2076 and later Medicare: 6.3% for 2021, decreasing to 4.0% for 2076 and later PEMHCA minimum increases: 4.25% annually
Healthcare participation for future retirees	Based on fiscal year at retirement: 2018-2020: 30% 2021-2025: 40% 2026+: 50%
Spousal coverage	Future retirees: 60% at retirement Retirees: same as current election

Notes:

(1) Pre-retirement mortality information was derived from data collected during 1997 to 2011 CalPERS Experience Study dated January 2014 and post-retirement mortality information was derived from the 2007 to 2011 CalPERS Experience Study. The Experience Study reports may be accessed on CalPERS' website at [www.calpers.gov](http://www.calpers.gov) under *Forms and Publications*.

(2) The pre-retirement turnover information was developed based on CalPERS' specific data. For more details, please refer to the 2007 to 2011 Experience Study Report. The Experience Study Report may be accessed on CalPERS' website at [www.calpers.gov](http://www.calpers.gov) under *Forms and Publications*.

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.

**Town of Truckee Transit Fund**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

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

**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:

**F. Changes in the Net OPEB Liability**

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

	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
Balance - June 30, 2020	\$ 9,386	\$ 3,725	\$ 5,661
Changes Recognized for the Measurement Period:			
Service Cost	654	-	654
Interest on the total OPEB liability	546	-	546
Changes of benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	(74)	-	(74)
Contributions from the employer	-	791	(791)
Net investment income	-	264	(264)
Benefit payments	(281)	(281)	-
Administrative expenses	-	(4)	4
Net changes	845	770	75
Balance - June 30, 2021	\$ 10,231	\$ 4,495	\$ 5,736

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

	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
Balance - June 30, 2019	\$ 5,013	\$ 3,050	\$ 1,963
Changes Recognized for the Measurement Period:			
Service Cost	398	-	398
Interest on the total OPEB liability	310	-	310
Changes of benefit terms	-	-	-
Difference between expected and actual experience	3,068	-	3,068
Changes of assumptions	694	-	694
Contributions from the employer	-	527	(527)
Net investment income	-	247	(247)
Benefit payments	(97)	(97)	-
Administrative expenses	-	(2)	2
Net changes	4,373	675	3,698
Balance - June 30, 2020	\$ 9,386	\$ 3,725	\$ 5,661

**Town of Truckee Transit 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 Fund, as well as what the Transit Fund's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.50 percent) or 1-percentage-point higher (6.50 percent) than the current discount rate:

<b>Plan's Net OPEB Liability (Asset)</b>			
	Discount Rate - 1% (4.50%)	Current Discount Rate (5.50%)	Discount Rate + 1% (6.50%)
2021	\$ 405,223	\$ 5,736	\$ (233,831)
2020	\$ 383,904	\$ 5,661	\$ (228,247)

The following presents the total OPEB liability of the Transit Fund, as well as what the Transit Fund's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.25 percent decreasing to 5.25 percent) or 1-percentage-point higher (8.25 percent decreasing to 7.25 percent) than the current healthcare cost trend rates:

<b>Plan's Net OPEB Liability (Asset)</b>			
	Discount Rate - 1% (6.25% decreasing to 5.25%)	Healthcare Cost Trend Rates (7.25% decreasing to 6.25%)	Discount Rate + 1% (8.25% decreasing to 7.25%)
2021	\$ 221,323	\$ 5,736	\$ (421,857)
2020	\$ 222,444	\$ 5,661	\$ (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 Fund recognized OPEB expense of \$24,291 and \$27,739, respectively.

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

	<b>2021</b>		<b>2020</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Contributions made after measurement date	\$ 791	\$ -	\$ 527	\$ -
Difference between expected and actual experience	2,522	-	2,958	-
Changes of assumptions	586	(113)	661	-
Net difference between projected and actual earning on OPEB plan investments	-	(64)	-	(28)
Total	\$ 3,899	\$ (177)	\$ 4,146	\$ (28)

The \$791 reported as deferred outflows of resources related to OPEB resulting from Transit 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. The \$527 reported as deferred outflows of resources related to OPEB resulting from Transit Fund contributions subsequent to the measurement date at June 30, 2020 were recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2021.

**Town of Truckee Transit Fund**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

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

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

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	\$ -	\$ 371
2022	335	371
2023	328	364
2024	322	358
2025	337	373
2026	344	389
Thereafter	1,265	1,365
	<u>\$ 2,931</u>	<u>\$ 3,591</u>

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

**Note 9 – Contingent Liabilities**

The Transit 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 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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**Town of Truckee Transit 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**

<b>Fiscal year ended</b>	<b>June 30, 2021</b>	<b>June 30, 2020</b>	<b>June 30, 2019</b>	<b>June 30, 2018</b>	<b>June 30, 2017</b>	<b>June 30, 2016</b>	<b>June 30, 2015</b>
<b>Measurement date</b>	<b>June 30, 2020</b>	<b>June 30, 2019</b>	<b>June 30, 2018</b>	<b>June 30, 2017</b>	<b>June 30, 2016</b>	<b>June 30, 2015</b>	<b>June 30, 2014</b>
Plan's proportion of the net pension liability	0.14171%	0.13555%	0.13022%	0.12827%	0.12437%	0.12080%	0.17225%
Plan's proportionate share of the net pension liability	\$ 151,852	\$ 130,205	\$ 111,801	\$ 115,135	\$ 90,944	\$ 59,866	\$ 52,815
Plan's covered-employee payroll	\$ 104,684	\$ 92,966	\$ 88,520	\$ 81,357	\$ 72,082	\$ 58,469	\$ 57,387
Plan's proportionate share of the net pension liability as a percentage of covered-employee payroll	145.06%	140.06%	126.30%	141.52%	126.17%	102.39%	92.03%
Plan's fiduciary net position	\$ 514,019	\$ 461,368	\$ 394,034	\$ 360,253	\$ 192,852	Note 1	Note 1
Plan's fiduciary net position as a percentage of the total pension liability	77.19%	77.99%	77.90%	75.78%	67.95%	Note 1	Note 1
Plan's proportionate share of aggregate employer contributions	\$ 17,366	\$ 17,033	\$ 14,463	\$ 13,520	\$ 10,379	\$ 11,902	\$ 11,555

<sup>1</sup> Information not available

Historical information is presented only for measurement periods for which GASB 68 is implemented.

**Town of Truckee Transit Fund**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions - Pension**  
**Last Ten Fiscal Years \***  
**For the Year Ended June 30, 2021**

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution (actuarially determined)	\$ 19,222	\$ 17,366	\$ 17,033	\$ 14,463	\$ 13,520	\$ 10,379	\$ 11,902	\$ 11,555
Contributions in relation to the actuarially determined contributions	(19,222)	(17,366)	(17,033)	(14,463)	(13,520)	(10,379)	(11,902)	(11,555)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 110,357	\$ 104,684	\$ 92,966	\$ 88,520	\$ 81,357	\$ 72,082	\$ 58,469	\$ 57,387
Contributions as a percentage of covered payroll	17.42%	16.59%	18.32%	16.34%	16.62%	14.40%	20.36%	20.14%

Notes to Schedule:

Valuation date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Inflation	2.625%	2.625%	2.75%	2.625%	2.625%	2.75%	2.625%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.25% (3)	7.25% (3)	7.375% (3)	7.25% (3)	7.25% (3)	7.375% (3)	7.25% (3)	7.375% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(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 Board.

\* Historical information is only available for periods where GASB 68 is applicable.



**Town of Truckee Transit Fund**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**Last Ten Fiscal Years <sup>1</sup>**  
**For the Year Ended June 30, 2021**

Fiscal year end	6/30/2021 <sup>1</sup>	6/30/2020 <sup>1</sup>
Measurement date	6/30/2020	6/30/2019
<b>Total OPEB liability</b>		
Service cost	\$ 654	\$ 398
Interest	546	310
Changes of benefit terms	-	-
Differences between expected and actual experience	-	3,068
Changes of assumptions	(74)	694
Implicit rate subsidy fulfilled	-	-
Benefit payments, including refunds of member contributions	(281)	(97)
<b>Net change in total OPEB liability</b>	845	4,373
<b>Total OPEB liability - beginning</b>	9,386	5,013
<b>Total OPEB liability - ending (a)</b>	<u>\$ 10,231</u>	<u>\$ 9,386</u>
<b>OPEB fiduciary net position</b>		
Contributions - employer	\$ 791	\$ 527
Net investment income	264	247
Benefit payments, including refunds of member contributions	(281)	(97)
Implicit rate subsidy fulfilled	-	-
Administrative expense	(4)	(2)
<b>Net change in plan fiduciary net position</b>	770	675
<b>Plan fiduciary net position - beginning</b>	3,725	3,050
<b>Plan fiduciary net position - ending (b)</b>	4,495	3,725
<b>Plan net OPEB liability - ending (a) - (b)</b>	<u>\$ 5,736</u>	<u>\$ 5,661</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	43.94%	39.69%
<b>Covered payroll</b>	\$ 759,237	\$ 737,123
<b>Plan net OPEB liability as a percentage of covered payroll</b>	0.76%	0.77%

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

**Town of Truckee Transit Fund**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions - OPEB**  
**Last Ten Fiscal Years <sup>1</sup>**  
**For the Year Ended June 30, 2021**

Report Date	June 30, 2021	June 30, 2020
Actuarially determined contribution	\$ 791	\$ 527
Contributions in relation to the actuarially determined contributions	(791)	(527)
Contribution deficiency (excess)	\$ -	\$ -
Covered payroll	\$ 46,148	\$ 47,592
Contributions as a percentage of covered payroll	1.71%	1.11%

Notes to Schedule:

Valuation Date	6/30/2019	6/30/2019
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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

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

## **SUPPLEMENTARY INFORMATION**

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**Town of Truckee Transit Fund**  
**Schedule of PTMISEA Proposition 1B Proceeds**  
**For the Year Ended June 30, 2021**

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<b>Beginning balance</b>	\$ -
PTMISEA proceeds received	69,440
Expenditures incurred:	
Capital projects - transit shelter	<u>(69,440)</u>
<b>Unexpended proceeds</b>	<u><u>\$ -</u></u>

**Town of Truckee Transit Fund**  
**Schedule of State of Good Repair (SGR) Proceeds**  
**For the Year Ended June 30, 2021**

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<b>Beginning balance</b>	\$ 398,294
SGR proceeds received	147,262
Interest accrued	5,642
Expenditures incurred	<u>(229,682)</u>
<b>Unexpended SGR proceeds</b>	<u><u>\$ 321,516</u></u>

**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 Town Council  
of the Town of Truckee  
Truckee, 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 Fund (the "Transit Fund") of the Town of Truckee (the "Town"), 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 Transit Fund, and do not purport to, and do not, present fairly the financial position of the Town 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 Town'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 Town's internal control as it relates to the Transit Fund. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control as it relates to the Transit 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 Transit Fund'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 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 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 received and spent by the Transit 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 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 spent were verified in the course of our audit are included in the Schedule of PTMISEA Proposition 1B Proceeds within the Supplementary Information.

Also, as part of our audit we performed tests of compliance to determine whether certain State funding was received and expended in accordance with the applicable regulations set forth within Sections 99312 through 99314 of the *California Code of Regulations*. On April 28, 2017 Governor Brown signed Senate Bill (“SB”) 1 (Chapter 5, Statutes of 2017), known as the Road Repair and Accountability Act of 2017. Senate Bill 1 will provide over \$50 billion in new transportation funding over the next decade to repair highways, bridges and local roads, to make strategic investments in congested commute and freight corridors, and to improve transit service. These guidelines address the portion of SB 1 that will provide approximately \$105 million annually to transit operators in California for eligible transit maintenance, rehabilitation and capital projects. This investment in public transit will be referred to as the State of Good Repair (“SGR”) Program. The SGR Program is funded from a portion of a Transportation Improvement Fee on vehicle registrations due on or after January 1, 2018. For the year ended June 30, 2021, the SGR funds received and expended were verified in the course of our audit are included in the Schedule of State of Good Repair Proceeds within the Supplementary Information.

### **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 Transit 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 Transit 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 Transit 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 Pen Group, LLP". The signature is written in a cursive, flowing style.

San Diego, California  
May 5, 2022



## **SCHEDULE OF FINDINGS AND RESPONSES**

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**Town of Truckee Transit Fund  
Schedule of Findings and Responses  
For the Year Ended June 30, 2021**

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**Section I -- Current Year Findings and Responses**

None.

**Section II -- Prior Year Findings and Responses**

None.

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