

**MODOC COUNTY TRANSPORTATION COMMISSION  
ALTURAS, CALIFORNIA**

**Financial Statements, Management's Discussion & Analysis,  
and Independent Auditor's Report**

**As of and for year ended June 30, 2022**

**MODOC COUNTY TRANSPORTATION COMMISSION**  
Audited Financial Statements  
June 30, 2022

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Modoc County Transportation Commission  
Alturas, CA 96101

**Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Modoc County Transportation Commission (Commission) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Modoc County Transportation Commission as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

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

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Modoc County Transportation Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

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

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, the schedule of proportionate share of net pension liability, and the schedule of pension contributions be presented to supplement the basic financial statements. Such information, although not a basic part of the 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. 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.


#### **Other Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The Other Supplementary Information is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is 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 October 30, 2022, on our consideration of Modoc County Transportation Commission'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 to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Commission's internal control over financial reporting and compliance.

Respectfully submitted,

  
SingletonAuman PC  
Susanville, CA  
October 30, 2022

**MODOC COUNTY TRANSPORTATION COMMISSION**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2022**

## **INTRODUCTION**

The Modoc County Transportation Commission (Commission) was created pursuant to California Government Code Section 67910, as a local planning commission to provide regional transportation planning activities in Modoc County.

This discussion and analysis of Modoc County Transportation Commission's financial performance provides an overview of the Commission's financial activities for the fiscal year ended June 30, 2022. It should be read in conjunction with the Commission's financial statements, including notes and supplementary information, which follow this section.

Documents with more information for the Commission's regional transportation planning process, programming and funding sources can be acquired within the Overall Work Plan (OWP) and Regional Transportation Plan (RTP) at [www.modoctransportation.com](http://www.modoctransportation.com).

Documents with more information for the Transportation Agency planning process, programming and funding sources can be acquired within the Short – Range Transit Development Plan (TDP) and Performance Audit at [www.sagestage.com](http://www.sagestage.com).

## **FINANCIAL HIGHLIGHTS**

- ❑ Total net position was \$3,387,341 at June 30, 2022. This was an increase of \$98,808 over the prior year.
- ❑ Overall revenues were \$1,006,533 which was more than expenses of \$893,725, and transfers out of \$14,000, by \$98,808.
- ❑ The total cost of the Commission's programs decreased by \$100,326 from last year.

## **OVERVIEW OF FINANCIAL STATEMENTS**

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements and required supplementary information. The three sections together provide a comprehensive overview of the Commission. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- ❑ Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- ❑ Fund financial statements focus on reporting the individual parts of the Commission operations in more detail. The fund financial statements comprise the remaining statements.
  - Governmental funds tell how services were financed in the short-term as well as what remains for future spending.
  - Proprietary funds statements provide information about the short and long-term financial information of the Commission that operate like businesses.

- Fiduciary funds statements provide information about the financial relationships in which the Commission acts solely as a trustee or agent for the benefit of others, to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required supplementary information that further explains and supports the financial statements. A comparison of the district's budget for the year is included.

### **Government-Wide Statements**

The government-wide statements report information about the Commission as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Commission's net position and how they have changed. Net Position -the difference between the assets and liabilities- is one way to measure the Commission's financial health or position.

- Over time, increases or decreases in the Commission's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Commission, one needs to consider additional nonfinancial factors such as passenger ridership, changes in program funding by the Federal and State governments, and condition of facilities and vehicles.

The government-wide financial statements of the Commission include business-type activities. Most of the Commission's basic services are included here, such as transportation services. Fare revenues finance some of these activities.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the Commission's most significant funds-not the Commission as a whole. Funds are accounting devices that the Commission uses to keep track of specific sources of funding and spending for particular programs. Some funds are required to be established by state law and by bond covenants. The Manager and Board of Commissioners establish other funds to control and manage money for particular purposes or to show that the Commission is meeting legal responsibilities for using certain revenues. The Commission has three kinds of funds

- Governmental Fund – The Planning Fund is the operating fund of the Commission. The major revenue sources for this fund are state grants and local transportation funds.
- Proprietary Fund – Services for which the Commission expects to support services from user fees are generally reported in proprietary funds. The Transit Fund is considered to be proprietary. Proprietary funds are reported in the same way as the district-wide financial statements.



- **Fiduciary Funds** – The Commission is the trustee, or fiduciary, for assets that belong to others. The Local Transportation Trust Fund and the State Transit Assistance Fund are expendable trust funds. The Commission is responsible for ensuring that assets reported in these funds are used only for their intended purposes. All of the Commission’s fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the Commission-wide financial statements because the Commission cannot use the assets to finance its operations.

## FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

### Net Position

The Commission’s business-type and governmental net positions were \$2,936,243 and \$461,287 respectively, at June 30, 2022 See Table 1.

**Table 1:**  
**Net Position for Business-Type Activities**

	Business-Type Activities		Total Percentage Change
	2022	2021	2022-2021
<b>Assets</b>			
Cash and Investments	\$ 937,032	\$ 840,958	11.42%
Accounts Receivable	377,613	295,849	27.64%
Other Current Assets	55	108	-49.07%
	<u>1,314,700</u>	<u>1,136,915</u>	
Restricted Cash- State of Good Repair	-	40,474	
Capital Assets, Net of Accumulated Depreciation	<u>1,621,543</u>	<u>1,669,661</u>	-2.88%
<b>TOTAL ASSETS</b>	<u><u>\$ 2,936,243</u></u>	<u><u>\$ 2,847,000</u></u>	
<b>Current Liabilities:</b>			
Accounts Payable	\$ 10,189	\$ -	100.00%
Unearned Revenue	-	-	0.00%
Total Current Liabilities	<u>10,189</u>	<u>-</u>	
<b>TOTAL LIABILITIES</b>	<u><u>\$ 10,189</u></u>	<u><u>\$ -</u></u>	
<b>Net Position</b>			
Net Investment in Capital Assets	\$ 1,621,543	\$ 1,669,611	-2.88%
Restricted	-	40,474	-100.00%
Unrestricted	<u>1,314,700</u>	<u>1,136,915</u>	15.64%
<b>TOTAL NET POSITION</b>	<u><u>\$ 2,936,243</u></u>	<u><u>\$ 2,847,000</u></u>	

## Net Position for Governmental Activities

	Governmental Activities		Total Percentage Change
	2022	2021	2022-2021
<b>Assets</b>			
Cash and Investments	\$ 444,995	\$ 460,563	-3.38%
Accounts Receivable	35,492	156	22651.28%
Net Pension Asset	11,576	7,103	62.97%
	<u>492,063</u>	<u>467,822</u>	
Capital Assets, Net of Accumulated Depreciation	<u>-</u>	<u>3,637</u>	-100.00%
<b>TOTAL ASSETS</b>	<u>\$ 492,063</u>	<u>\$ 471,459</u>	
<b>DEFERRED RECOGNITION OF CONTRIB TO PENSION PLAN</b>	<u>\$ 40,693</u>	<u>\$ 31,572</u>	28.89%
<b>Current Liabilities:</b>			
Compensated Absences	24,411	29,747	-17.94%
Unearned Revenue	22,928	30,078	-23.77%
Total Non-Current Liabilities	<u>47,339</u>	<u>59,825</u>	
<b>TOTAL LIABILITIES</b>	<u>\$ 59,825</u>	<u>\$ 59,825</u>	
<b>Deferred Inflow of Resources</b>			
Deferred Inflows-Pension Plan	<u>\$ 24,130</u>	<u>\$ 1,676</u>	1339.74%
<b>Net Position</b>			
Net Investment in Capital Assets	\$ -	\$ 3,637	-100.00%
Restricted	<u>461,287</u>	<u>437,893</u>	5.34%
<b>TOTAL NET POSITION</b>	<u>\$ 461,287</u>	<u>\$ 441,530</u>	

## Changes in Net Position

The Commission's business-type and governmental revenues were \$652,604 and \$353,292, respectively.

The total cost of all program expenses for transportation and planning and administration expenditures was \$567,552 and \$326,172, respectively.

**Table 2:**  
**Changes in Net Position -Governmental Activities**

	Governmental Activities		Total Percentage
	2022	2021	Change
			2022-2021
Revenues			
Operating Grants and Contributions	\$ 346,614	\$ 323,463	7.16%
Other Income	7,315	5,801	26.10%
<b>TOTAL REVENUES</b>	<u>353,929</u>	<u>329,264</u>	
Program Expenses			
Planning and Administration	326,172	239,256	36.33%
<b>TOTAL EXPENSES</b>	<u>326,172</u>	<u>239,256</u>	
<b>Transfers Out</b>	<u>8,000</u>	<u>8,000</u>	0.00%
<b>INCREASE (DECREASE) IN NET POSITION</b>	<u>\$ 19,757</u>	<u>\$ 82,008</u>	

**Changes in Net Position Business-Type Activities**

	Business-Type Activities		Change
	2022	2021	2022-2021
Revenues			
Sales and Gas Taxes	\$ 90,218	\$ 158,093	-42.93%
Charges for Services	33,905	9,949	240.79%
Other Income	24,049	27,898	-13.80%
Operating Grants and Contributions	504,432	595,135	-15.24%
Capital Grants and Contributions	-	-	
<b>TOTAL REVENUES</b>	<u>652,604</u>	<u>791,075</u>	
Program Expenses			
Transit	567,552	554,142	2.42%
<b>TOTAL EXPENSES</b>	<u>567,552</u>	<u>554,142</u>	
<b>Transfers Out</b>	<u>(6,000)</u>	<u>(15,000)</u>	-60.00%
<b>INCREASE (DECREASE) IN NET POSITION</b>	<u>\$ 79,052</u>	<u>\$ (212,132)</u>	

Table 3 presents the cost of each of the Commission's functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by charges for services, operating grants and capital grants and contributions.

**Table 3**  
**Net Cost of Business-Type Activities**

	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
Transit	\$ 567,552	\$ 554,142	\$ (29,215)	\$ 50,942
<b>TOTAL</b>	<b>\$ 567,552</b>	<b>\$ 554,142</b>	<b>\$ (29,215)</b>	<b>\$ 50,942</b>

**Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
Planning and Admin	\$ 326,172	\$ 239,256	\$ 20,442	\$ 84,207
<b>TOTAL</b>	<b>\$ 326,172</b>	<b>\$ 239,256</b>	<b>\$ 20,442</b>	<b>\$ 84,207</b>

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The overall financial performance of the Commission as a whole is reflected in the communication between the Board of Commissioners and the Commission employees as they all work together in providing the best quality of service to its customers. As the Commission completed the year, its proprietary fund reported a net position of \$2,926,054, which is more than last year's ending net position of \$2,847,002. The Commission's governmental fund reported fund equity of \$433,147, which is more than last year's ending fund equity of \$400,894.

**Budgetary Highlights**

Over the course of the year, the Commission revises its annual budget to reflect unexpected changes in revenues and expenditures. The budget was approved by June 30 for the 2021/2022 fiscal year. The final revised budget was adopted on June 1, 2022. A schedule of the Commission's original and final budget amounts compared with actual revenues and expenses are provided in the supplemental section of the audited financial report.

**CAPITAL ASSETS**

At June 31, 2022 the Commission had invested in a broad range of capital assets, including land, vehicles, buildings and equipment. See Table 4. More detailed information about the Commission's capital assets is presented in the notes to the financial statements.

**Table 4**  
**Capital Assets Business-Type Activities**

	Business-Type Activities		Total Percentage
	2022	2021	Change
			2022-2021
Land and Improvements	\$ 781,745	\$ 781,745	0.00%
Vehicles, Buildings and Equipment	1,776,154	1,896,921	-6.37%
Totals at Historical Cost	2,557,899	2,678,666	
Total Accumulated Depreciation	(936,355)	(1,009,055)	-7.20%
<b>NET CAPITAL ASSETS</b>	<b>\$ 1,621,544</b>	<b>\$ 1,669,611</b>	

**Capital Assets Governmental Activities**

	Governmental Activities		Total Percentage
	2022	2021	Change
			2022-2021
Vehicles and Other Equipment	\$ 25,753	\$ 31,100	-17.19%
Totals at Historical Cost	25,753	31,100	
Total Accumulated Depreciation	(25,753)	(27,463)	-6.23%
<b>NET CAPITAL ASSETS</b>	<b>\$ -</b>	<b>\$ 3,637</b>	

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Commission's financial planning is based on specific assumptions from recent trends, State of California economic forecasts and historical growth patterns in the various communities served by the Commission.

The economic condition of the Commission as it appears on the balance sheet reflects financial stability and the potential for organizational growth. The Commission continues to be encouraged by development throughout its boundaries. The Commission will continue to maintain a watchful eye over expenditures and remain committed to sound fiscal management practices to deliver the highest quality service to citizens of the area.

**CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, participants, investors and creditors with a general overview of the Commission's finances and to demonstrate the Commission's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact:

Debbie Pedersen, Executive Director  
Modoc County Transportation Commission  
108 S. Main Street  
Alturas, CA 96101

## **FINANCIAL SECTION**

**MODOC COUNTY TRANSPORTATION COMMISSION**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Investments	\$ 444,995	\$ 937,032	\$ 1,382,027
Accounts Receivable	35,492	377,613	413,105
Other Current Assets	-	55	55
Net Pension Asset	<u>11,576</u>	<u>-</u>	<u>11,576</u>
Total Current Assets	492,063	1,314,700	1,806,763
Restricted Cash - State of Good Repair		-	-
Property, Plant & Equipment, Net	<u>-</u>	<u>1,621,543</u>	<u>1,621,543</u>
 <b>Total Assets</b>	 <u>\$ 492,063</u>	 <u>\$ 2,936,243</u>	 <u>\$ 3,428,306</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows of Resources - Pension Plan	<u>\$ 40,693</u>	<u>\$ -</u>	<u>\$ 40,693</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	\$ 24,411	\$ 10,189	\$ 34,600
Compensated Absences	<u>22,928</u>	<u>-</u>	<u>22,928</u>
<b>Total Liabilities</b>	<u>\$ 47,339</u>	<u>\$ 10,189</u>	<u>\$ 57,528</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred Inflows-Pension Plan	<u>\$ 24,130</u>	<u>\$ -</u>	<u>\$ 24,130</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ -	\$ 1,621,543	\$ 1,621,543
Restricted	461,287	-	461,287
Unrestricted	<u>-</u>	<u>1,304,511</u>	<u>1,304,511</u>
<b>Total Net Position</b>	<u>\$ 461,287</u>	<u>\$ 2,926,054</u>	<u>\$ 3,387,341</u>

The accompanying notes are an integral part of this statement.

**MODOC COUNTY TRANSPORTATION COMMISSION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Program Revenue		Net (Expense)		Net (Expense)	
	Charges For Services	Operating Grants and Contributions	Revenue and Changes in Net Assets	Governmental Activities	Revenue and Changes in Net Assets Business Type Activities	Revenue and Changes in Net Position Total
<b><u>Governmental Activities</u></b>						
General Government						
Planning and Administration	\$ 326,172	\$ -	\$ 346,614	\$ 20,442	\$ -	20,442
Total Governmental Activities	326,172	-	346,614	20,442	-	20,442
<b><u>Business Type Activities</u></b>						
Transit	567,552	33,905	504,432		(29,215)	(29,215)
Total Business Type Activities	567,552	33,905	504,432	-	(29,215)	(29,215)
<b>Total Primary Government</b>	<b>\$ 893,724</b>	<b>\$ 33,905</b>	<b>\$ 851,046</b>	<b>20,442</b>	<b>(29,215)</b>	<b>(8,773)</b>

**General Revenues and Transfers In (Out):**

Sales Tax		90,218	90,218
Interest	844	1,736	2,580
Other Income	6,471	22,313	28,784
Transfers In (out)	(8,000)	(6,000)	(14,000)
Total General Revenue	(685)	108,267	107,582
Change in Net Position	19,757	79,052	98,809
Net Position Beginning	441,530	2,847,002	3,288,532
Net Position Ending	\$ 461,287	\$ 2,926,054	\$ 3,387,341

The accompanying notes are an integral part of this statement.



**MODOC COUNTY TRANSPORTATION COMMISSION**  
**BALANCE SHEET-GOVERNMENTAL FUND**  
**JUNE 30, 2022**

	<u>Planning Fund</u>
<u>ASSETS</u>	
Cash in Banks	\$ 444,995
Accounts Receivable	35,492
TOTAL ASSETS	<u>\$ 480,487</u>
<u>LIABILITIES AND FUND EQUITY</u>	
Liabilities:	
Accounts Payable	\$ 24,411
Compensated Absences	22,928
Total Liabilities	<u>47,339</u>
Fund Equity:	
Restricted Fund Equity	<u>433,148</u>
Total Fund Equity	<u>433,148</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 480,487</u>

The accompanying notes are an integral part of this statement.

**MODOC COUNTY TRANSPORTATION COMMISSION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2022**

Total Fund Balances - Governmental Funds	\$ 433,148
Reconciling Items:	
Net Pension Asset is not recorded in the governmental funds	11,576
Deferred Outflows are not recorded in the governmental funds	40,693
Deferred Inflows are not recorded in the governmental funds	<u>(24,130)</u>
Total Net Position - Governmental Activities	<u><u>\$ 461,287</u></u>

The accompanying notes are an integral part of this statement.

**MODOC COUNTY TRANSPORTATION COMMISSION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**GOVERNMENTAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Planning Fund</u>
<b>Revenues</b>	
Local Transportation Funds	\$ 46,306
MCTC - LTF Trust	72,093
RSTP Revenue	30,078
Rural Planning Assistance	158,000
Planning, Programming and Monitoring	40,138
Refunds	1,098
Interest Income	<u>844</u>
 Total Revenues	 <u>348,557</u>
 <b>Expenditures</b>	
Planning and Administration	<u>308,304</u>
Total Expenditures	<u>308,304</u>
 Excess Of Revenues Over (Under)	
Expenditures	40,253
 Transfer Out	 <u>8,000</u>
 Excess Of Revenues Over (Under)	
Expenditures and Transfers In (Out)	32,253
 Fund Balances - July 1	 <u>400,894</u>
 Fund Balances - June 30	 <u>\$ 433,147</u>

The accompanying notes are an integral part of this statement.

**MODOC COUNTY TANSPORTATION COMMISSION  
RECONCILIATION OF THE THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF  
ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

Net Changes in fund balances - total governmental funds	\$ 32,453
Reconciling Items:	
The depreciation of capital assets is not recorded in the funds	(3,737)
Pension Expense is not included in the Funds	<u>(8,959)</u>
Changes in net position of governmental activities - statement of activities	<u>\$ 19,757</u>

The accompanying notes are an integral part of this statement.

**MODOC TRANSPORTATION AGENCY  
TRANSPORTATION DEVELOPMENT ACT FUNDS  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2022  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)**

<b>ASSETS</b>	<u>2022</u> <u>Transit</u> <u>Fund</u>	<u>2021</u> <u>Transit</u> <u>Fund</u>
Current Assets:		
Cash and Investments	\$ 937,031	\$ 840,958
Accounts Receivable	377,613	295,849
Other Current Assets	55	108
Total Current Assets	<u>1,314,699</u>	<u>1,136,915</u>
 Restricted Cash - State of Good Repair	 -	 40,474
 Property, Plant & Equipment, Net	 <u>1,621,543</u>	 <u>1,669,611</u>
 Total Assets	 <u><u>\$ 2,936,242</u></u>	 <u><u>\$ 2,847,000</u></u>
 <b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	\$ 10,189	\$ -
Total Liabilities	<u><u>\$ 10,189</u></u>	<u><u>\$ -</u></u>
 <b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 1,621,543	\$ 1,669,611
Restricted for State of Good Repair	-	40,474
Unrestricted	<u>1,304,510</u>	<u>1,136,915</u>
Total Net Position	<u><u>\$ 2,936,242</u></u>	<u><u>\$ 2,847,000</u></u>

The accompanying notes are an integral part of this statement.

**MODOC TRANSPORTATION AGENCY**  
**TRANSPORTATION DEVELOPMENT ACT FUNDS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**FISCAL YEAR ENDED JUNE 30, 2022**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)**

	2022	2021
Operating Revenues:		
Fare Revenues	\$ 33,905	\$ 9,949
Total Operating Revenue	<u>33,905</u>	<u>9,949</u>
Operating Expenses:		
Contract Transportation Services	271,001	243,353
Vehicle and Equipment Maintenance	50,614	32,585
Building Improvements	9,106	1,524
Fuel	40,727	13,602
Labor	61,995	101,494
Utilities	18,199	18,095
Marketing	15,664	15,449
Other Expenses	10,705	8,830
Professional Services	26,084	20,962
Insurance	4,648	4,254
Depreciation	58,807	93,992
Total Operating Expenses	<u>567,550</u>	<u>554,140</u>
Operating Income (Loss)	<u>(533,645)</u>	<u>(544,191)</u>
Non-Operating Revenues and (Expenses):		
Local Transportation Funds	90,218	158,093
State Transportation Assistance Funds	84,351	74,557
Federal Grants	163,456	86,120
Covid 5311 Reimbursement	183,534	367,508
Lassen Transit Service Agency	28,103	6,224
LCTOP - Exchange with Tehama County	24,931	10,618
State of Good Repair Program	15,057	40,474
Rents, Leases and Other	22,313	22,527
Building Improvement Reserve	-	9,634
Sale of Asset	5,000	
Interest	1,736	5,369
Total Non-Operating Revenues and (Expenses)	<u>618,699</u>	<u>781,124</u>
Transfers (Out)	<u>(6,000)</u>	<u>(15,000)</u>
Change in Net Position	79,054	221,933
Net Position, Beginning of the Period	2,847,002	2,625,067
Net Position, End of the Period	<u>\$ 2,926,056</u>	<u>\$ 2,847,000</u>

The accompanying notes are an integral part of this statement.

**MODOC TRANSPORTATION AGENCY  
TRANSPORTATION DEVELOPMENT ACT FUNDS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2022  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)**

	2022	2021
Cash Flows from Operating Activities:		
Cash Received From Passengers	\$ 33,905	\$ 9,949
Cash Payments to Employees	(61,995)	(101,494)
Cash Payments to Suppliers for Goods and Services	(436,506)	(409,031)
Net Cash Provided (Used) by Operating Activities	<u>(464,596)</u>	<u>(500,576)</u>
Cash Flows from Non-Capital Financing Activities:		
Received from Other Governmental Agencies	507,886	570,675
Other Income	27,313	32,161
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>535,199</u>	<u>602,836</u>
Cash Flows from Capital and Related Financing Activities:		
Purchase of Property and Equipment	(10,740)	
Transfers (Out)	(6,000)	(15,000)
Net Cash Provided (Used) by Capital Financing Activities	<u>(16,740)</u>	<u>(15,000)</u>
Cash Flows from Investing Activities		
Interest Earned	1,736	5,369
Net Cash Provided (Used) by Investing Activities	<u>1,736</u>	<u>5,369</u>
Net Increase (Decrease) in Cash and Cash Equivalents	55,599	92,629
Cash and Cash Equivalents:		
Balance - July 1	881,432	788,803
Balance - June 30	<u>\$ 937,031</u>	<u>\$ 881,432</u>
Reconciliation:		
Operating Income (Loss)	\$ (533,645)	\$ (544,191)
Depreciation and Amortization	58,807	93,993
(Increase)/Decrease in Other Current Assets	53	(109)
Increase/(Decrease) in Accounts Payable	10,189	(50,269)
Net Cash Provided (Used) by Operating Activities	<u>\$ (464,596)</u>	<u>\$ (500,576)</u>

The accompanying notes are an integral part of this statement.

**MODOC COUNTY TRANSPORTATION COMMISSION**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2022**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)**

	2022 Private Purpose Trust Funds	2021 Private Purpose Trust Funds
<u>ASSETS</u>		
Cash in Banks and in the County Treasury	\$ 501,918	\$ 396,118
TOTAL ASSETS	<u>\$ 501,918</u>	<u>\$ 396,118</u>
<u>LIABILITIES AND NET POSITION</u>		
Liabilities:	\$ -	\$ -
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ -</u>
Net Position:		
Restricted for Other Governments	\$ 501,918	\$ 396,118
TOTAL NET POSITION	<u>\$ 501,918</u>	<u>\$ 396,118</u>

The accompanying notes are an integral part of this statement.



**MODOC COUNTY TRANSPORTATION COMMISSION**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)**

	2022 Private Purpose Trust Funds	2021 Private Purpose Trust Funds
<b>Revenues</b>		
Sales Tax	\$ 374,047	\$ 279,849
Intergovernmental	42,525	74,557
State of Good Repair Program	57,584	14,757
Interest Income	<u>253</u>	<u>303</u>
Total Revenues	<u>474,410</u>	<u>369,466</u>
<b>Expenditures</b>		
State of Good Repair Program	15,057	14,757
Modoc County Transportation Commission	46,305	95,010
Modoc Transportation Agency	174,567	232,648
Other	<u>100,000</u>	<u>-</u>
Total Expenditures	<u>335,929</u>	<u>342,415</u>
Excess Of Revenues Over (Under)		
Expenditures	138,481	27,052
<b>Transfers In (Out)</b>		
Transfers In	<u>9,777</u>	<u>10,271</u>
Net Increase (Decrease) in Fiduciary Net Position	148,258	37,323
Net Position - July 1	<u>396,187</u>	<u>358,864</u>
Net Position - June 30	<u>\$ 544,445</u>	<u>\$ 396,187</u>

The accompanying notes are an integral part of this statement.

**MODOC COUNTY TRANSPORTATION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 – REPORTING ENTITY**

The Modoc County Transportation Commission (the Commission) was created pursuant to California Government Code Section 67910, as a local planning commission to provide regional transportation planning activities for the area of Modoc County. The Commission is also responsible for the administration of the Transportation Development Act Funds (Local Transportation and State Transit Assistance Fund). The Commission does not exercise control over any other governmental commission or authority. Criteria used in determining the reportable entity was based on control or dependence determined on the basis of budget adoption, funding, and appointment of the respective governing board.

The Modoc County Transportation Commission accounts for its financial transactions in accordance with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Commission conform to U.S. generally accepted accounting principles and are applicable to governments. The following is a summary of the significant policies:

**A. Description of Blended Component Unit**

The Commission's combined financial statements include the accounts of all its operations. The criteria for including organizations as component units within the Commission's reporting entity are set forth in GASB Statement No. 14 "The Financial Reporting Entity" and GASB Statement No. 39 "Determining Whether Certain Organizations Are Component Units."

The Modoc Transportation Agency, although a legally separate entity, is reported as if it were part of the primary government because the Board of Directors of the Commission are the same individuals that make up the component unit's governing body, or appoints the majority of representatives to the unit's governing board, or the unit provides services entirely to the Commission. Under the blended method of inclusion, the component unit's balances and transactions are reported in a manner similar to the balances and transactions of the Commission itself.

As a result, the basic financial statements of the Commission include the Modoc Transportation Agency (MTA). The MTA is a separate legal entity established to provide transit services within and outside of Modoc County. The financial operations of the MTA are closely related, and the same individuals on the Board of Directors have continuing oversight responsibility.

Complete financial statements of the above component unit may be obtained directly from the Modoc Transportation Agency, 108 S. Main St, Alturas, CA, 96101.

**MODOC COUNTY TRANSPORTATION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**B. Basis of Presentation**

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Business-type activities are financed in whole or in part by fares charged to external parties, as well as operating grants.

The statement of activities presents a comparison between direct expenses and program revenues for the different governmental and business-type activities of the Commission. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Commission does not allocate indirect expenses in the statement of activities. Program revenues include (a) fares and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Commission's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major funds, each displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, taxes, grants, entitlements and investment earnings, result from nonexchange transactions or ancillary activities.

The Commission reports the following major Governmental and Proprietary Funds:

The Planning Fund is the operating fund of the Commission. The major revenue sources for this fund are state, federal and local transportation funds. Expenditures are made for administration, as well as local and regional planning projects.

The Transit Fund collects fares from operating transportation services, as well as receiving local and state transit assistance, to operate and provide public transit services to the County of Modoc, the City of Alturas, and out of the region.

**MODOC COUNTY TRANSPORTATION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**C. Basis of Accounting**

**Government-wide Financial Statements:** These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, include taxes, grants, entitlements, donations, and other miscellaneous income. On an accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**Governmental Fund Financial Statements:** Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Commission considers revenues collected after its year-end to be available if they are collected within sixty days after year-end. Revenues from local sources consist primarily of taxes and charges for services. Revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**Proprietary Fund Financial Statements:** These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Agency gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are received. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board ("FASB") standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The Commission has chosen not to apply future FASB standards.

**MODOC COUNTY TRANSPORTATION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**D. Budgets**

Governmental Fund budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Proprietary fund budgets are adopted using the modified accrual basis of accounting, instead of the accrual basis of accounting.

*Planning Fund* – The Commission annually adopts a budget through the preparation of an overall work program. This work program describes the projects, or work elements, that are to be funded, and the type of funds that will pay for the expenditures, such as Rural Planning Assistance, Local Transportation, or Federal Transit Administration.

The work program, in draft form, is prepared by the staff, approved by the Commission, and submitted to the State of California, Department of Transportation (Caltrans) in March and the final is approved by June 30. Caltrans, as the grantor of Rural Planning Assistance and FTA funds, approves the work program, which then becomes part of the budget for the operating fund of the Commission.

*Fiduciary Funds* – There are two expendable trust funds, the Local Transportation Fund (LTF) and the State Transit Assistance Fund (STA). The Transportation Demand Management Program was made obsolete by SB 45 in 1998. The LTF funds are available for transit, streets and roads, pedestrian and bicycle, administration of the Transportation Development Act (TDA), and the transportation planning. The STA funds are available for transit purposes.

The process for delivering the LTF and STA funds to the various recipients is as follows:

- The County Auditor-Controller estimates the amount of funds to be available in the LTF, and notifies the Commission before February 1 of each year.
- The Commission determines how much funding it will need for the planning work program and administration of the TDA, as well as how much of the funds will be reserved for pedestrian and bicycle facilities. The Commission then determines the split of LTF funds between the County and the Cities based upon the population amounts provided by the State of California Department of Finance. Each recipient is then notified of the amount of LTF funds available in its area of apportionment (apportionment being the process of dividing the funds based upon population). The County of Modoc then submits a claim for LTF funds as a joint power of eligible claimants, with transit needs required to be met before any streets and roads funds can be claimed.
- The Commission acts upon the one annual transit claim, adopting resolutions, and preparing allocation instructions that notify the recipient of the funds approved, and notifies the County Auditor-Controller of what expenditures are approved, and when they are to be paid.

**MODOC COUNTY TRANSPORTATION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

The STA process is similar, except that the estimate is made by the State of California Controller's Office, and the funds cannot be used for administration, streets and roads or pedestrian and bicycle facilities.

**E. Fiduciary Fund Types**

These funds account for assets held by the Commission as a trustee or agent for other units of governments. Private purpose trust funds are used by the Commission for the following purposes:

*Local Transportation Fund (LTF)* – This fund is utilized by the Commission, as trustee, to receive the ¼ of 1% retail sales tax that is returned to each county by the State Board of Equalization. These funds are apportioned and allocated by the Commission to eligible claimants for transit, transportation planning, and for administration of the TDA. While it is legal to allocated LTF fund for street and road purposes under certain conditions, the Commission has adopted a Local Transportation Reserve Fund policy that precludes any street and road allocations.

*State Transit Assistance Fund (STA)* – This fund is utilized by the Commission, as trustee, to receive sales tax derived from statewide sales of gasoline and diesel fuel. Each county receives its share of these funds based upon a population and operator revenue formula. These funds are allocated by the Commission to transit operators.

**F. Use of Estimates**

The financial statements have been prepared in conformity with accounting principles generally accepted in the United State of America, and as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those amounts.

**G. Unearned Revenue**

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent cash received on specific projects or programs exceeds qualified expenditures.

**H. Risk Management**

The Commission 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.

**I. Internal Balances**

Internal balances are presented in the government-wide financial statement only. They represent the net interfund receivables and payable remaining after the elimination of all such balances within governmental activities and business-type activities.

**MODOC COUNTY TRANSPORTATION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**J. Cash and Cash Equivalents**

The cash that is maintained in the County of Modoc Treasury is considered a highly liquid demand account and as such meets the definition of cash or cash equivalent for purposes of the statement of cash flows. The Commission considers cash investments in the Local Agency Investment Fund to be cash equivalents. The Commission is authorized to deposit cash and invest excess funds by California Government Code 53648 et seq.

The remainder of the Commission's cash is held in Plumas Bank. The FDIC insures cash balances up to \$250,000. Periodically, the Commission's cash balances exceed FDIC limits; however, the Commission believes that no significant concentration of credit risk exists for these excess deposits. As of June 30, 2022, funds were held in excess of the FDIC limits in the trust fund account.

**K. Receivable and Payable Balances**

The Commission believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

**L. Fair Value Measurements and Investments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets and liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy.

**MODOC COUNTY TRANSPORTATION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

***Investments***

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include various types of mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. In certain cases where Level 1 or 2 inputs are not available, securities are classified as Level 3 in the hierarchy.

**NOTE 3 – CASH AND INVESTMENTS**

The Commission's cash is maintained with various financial institutions. A summary of the Commission's cash and investments at June 30, 2022 is as follows:

MTA Local Agency Investment Fund	\$ 621,273
MTA Plumas Bank Operating	315,758
MCTC Local Agency Investment Fund	303,308
MCTC Plumas Bank Operating	171,105
MCTC Trust Cash in County Treasury	2,937
MCTC Trust Plumas Bank Checking	<u>280,721</u>
	<u>\$ 1,695,102</u>

The following tables present the fair value measurements of assets recognized in the accompanying statement of financial position measured at fair value on a recurring basis and level within the fair value hierarchy in which the fair value measurements fall:

	Fair Market Value	Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Local Agency Investment Fund	\$ 924,581		\$ 924,581	

The total amount of interest income of \$2,580 includes \$844 for governmental activities and \$1,736 for the Modoc Transportation Agency. This interest income is included in the balances of the accounts and fair value measurements.

**NOTE 4 – COMPENSATED ABSENCES**

The Commission's employees earn compensated absence time for hours worked. Compensated absences accumulate and are accrued, when they are earned, based upon length of employment.

**NOTE 5 – EQUITY CLASSIFICATIONS**

The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance—amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.



**MODOC COUNTY TRANSPORTATION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

- Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance—amounts constrained to specific purposes by the Commission itself, using its highest level of decision-making authority (i.e., District Board). To be reported as committed, amounts cannot be used for any other purpose unless the Commission takes the same highest level action to remove or change the constraint.
- Assigned fund balance—amounts the Commission intends to use for a specific purpose. Intent can be expressed by the Commission or by an official or body to which the Commission delegates the authority. The Commission has chosen not to delegate this authority.
- Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Commission establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as obligated for future contracts). Assigned fund balance is established by the Commission through adoption or amendment of the budget as intended for specific purpose, such as the purchase of fixed assets, construction, debt service.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Commission considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Commission considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Commission has provided otherwise in its commitment or assignment actions.

For Government-Wide Financial Statements, equity is classified in three components as follows:

- Net Investment in Capital Assets consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of debt borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted Net Position consists of net assets with restrictions placed on their use either by external groups such as contributors, grantors or regulations of other governments, or law through constitutional provisions or enabling legislation.
- Unrestricted Net Position consists of all other net assets that do not meet the definition of in capital assets, net of “restricted” or “net investment in capital assets.” When both restricted and unrestricted resources are available for use, it is the Commission’s policy to use restricted resources first, then unrestricted resources as they are needed.

**MODOC COUNTY TRANSPORTATION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 6 – CONTINGENCIES**

The Commission receives revenue from Federal, State and Local agencies that have requirements to be followed when expending these revenues. If the requirements are not followed, the unauthorized expenditures would be a liability to be refunded to the appropriate agency.

The Commission is not involved in any litigation. Commission management, based upon the opinion of legal counsel, is of the opinion that the ultimate resolution of any matters should not have a materially adverse effect on the Commission's financial position or results of operations.

**NOTE 7 – CAPITAL ASSETS**

All capital assets are valued at historical cost or estimated historical cost if actual historical costs is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. Capital assets with a value of \$5,000 or more and with a useful life of one year or more are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the assets useful life ranging between 3-50 years.

A summary of changes in fixed assets of the Governmental Fund for fiscal year 2021-22 follows:

	<u>Balance</u> <u>6/30/21</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>6/30/22</u>
Vehicles and Other Equipment	\$ 31,100	\$ -	\$ 5,347	\$ 25,753
Total	<u>31,100</u>	<u>-</u>	<u>5,347</u>	<u>25,753</u>
Accumulated Depreciation	<u>27,567</u>	<u>3,637</u>	<u>5,347</u>	<u>25,857</u>
Property, Plant and Equipment, Net	<u>\$ 3,533</u>	<u>\$ 3,637</u>	<u>\$ 10,694</u>	<u>\$ (104)</u>

**MODOC COUNTY TRANSPORTATION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

A summary of changes in fixed assets of the Proprietary Fund for fiscal year 2021-22 follows:

	Balance <u>6/30/2021</u>	<u>Additions</u>	<u>Dispositions</u>	Balance <u>6/30/2022</u>
Land and Improvements	\$ 781,745	\$ -	\$ -	\$ 781,745
Vehicles, Buildings and Equipment	1,896,921	10,740	131,506	1,776,155
Total	<u>2,678,666</u>	<u>10,740</u>	<u>131,506</u>	<u>2,557,900</u>
Accumulated Depreciation	<u>1,009,054</u>	<u>58,807</u>	<u>131,506</u>	<u>936,355</u>
Property, Plant and Equipment, Net	<u>\$ 1,669,612</u>	<u>\$ 69,547</u>	<u>\$ -</u>	<u>\$ 1,621,545</u>

Depreciation and amortization was charged to functions as follows:

Planning and Administration	<u>\$ 3,637</u>
Transit	<u>\$ 69,547</u>

**NOTE 8 – DEFINED BENEFIT PENSION PLAN**

**A. General Information about the Pension Plans**

**Plan Description**

The Commission is required to make a monthly contribution to Public Agency Retirement Services (PARS) to include actuarial valuations of prior and future years of service of each employee. All eligible Commission employees participate in PARS. PARS acts as a common investment and administrative agent which are managed by a third -party portfolio manger under guidelines approved by the Commission.

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions**

All qualified permanent and probationary employees are eligible to participate in the defined benefit pension plan (Plan). PARS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information.

**Benefits Provided** – PARS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service

**MODOC COUNTY TRANSPORTATION COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**Contributions** – The Commission establishes rates based on an actuarially determined rate recommended by an independent actuary. 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 Commission is required to contribute the actuarially determined rate. For the year ended June 30, 2022, the District’s average contribution rate was 3.3% of annual payroll.

Contributions-Employer	\$	22,848
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### *Employees Covered-*

At June 30, 2021, the following employees were covered by the benefit terms for each Plan:

	<u>Plan</u>
Inactive employees or beneficiaries currently receiving benefits	-
Inactive employees entitled to but not yet receiving benefits	1
Active employees	<u>2</u>
Total	3

**Net Pension Asset-**

The Commission net pension asset for the Plan, \$11,576, is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension asset of the Plan is measured as of June 30, 2021, using an annual actuarial valuation as of January 31, 2021. There were no significant changes between the valuation date and the measurement date. A summary of principal assumptions and methods used to determine the net pension asset is shown below.

	<u>Plan</u>
Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal, Level % of Pay
Amortization Method: Level percent or Level dollar Amortization Period	Level Percent 9 year fixed period for 2020/21
Inflation	2.5%
Discount Rate	5.75 %
Mortality	CalPERS 1997-2015 experience study

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

	Deferred Outflows of Resources	Deferred Inflow of Resources
Difference between Expected and Actual Experience	\$ 6,642	
Change in Assumptions	10,872	\$ 1,422
Difference Between Projected and Actual Earnings		
On Plan Investments	-	22,708
Contributions Subsequent to the Measurement Date	23,179	
Total	<u>\$ 40,693</u>	<u>\$ 24,130</u>

**MODOC COUNTY TRANSPORTATION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction of pension expense as follows:

Periods Ended June 30:	Deferred Outflows/ (Inflows) of Resources
2023	\$ (2,940)
2024	(2,942)
2025	(2,233)
2026	(2,957)
2027	2,909
Thereafter	1,547
	<u>\$ (6,616)</u>

***Actuarial Assumptions***

***Discount Rate***

The discount rate used to measure the total pension liability was 5.75%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, PARS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 5.75% discount rate is adequate.

***Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate***

The following presents the net pension liability/(asset) of the Plan as of the measurement date using the discount rate of 5.75%, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (4.75%) or 1 percentage point higher (6.75%) than the current rate:

	Discount Rate -1% 4.75%	Current Discount Rate 5.75%	Discount Rate +1% 6.75%
Net Pension Liability:	\$ 22,910	\$ (11,576)	\$ (39,960)

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in the separately issued PARS financial reports.

***Payable to the Pension Plan***

At June 30, 2022, the Commission had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

**NOTE 8 – SUBSEQUENT EVENTS**

In preparing these financial statements, the Modoc County Transportation Commission has evaluated events and transactions for potential recognition or disclosure through October 30, 2022, the date these financial statements were available to be issued.

**MODOC COUNTY TRANSPORTATION COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 9– COMPLIANCE AND ACCOUNTABILITY**

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, should be reported with actions taken to address such violations:

No violations of finance-related legal provision, or deficit Fund net position existed at June 30, 2022.

**NOTE 10 – EXCESS OF EXPENDITURES OVER BUDGET**

As of June 30, 2022, the following expense categories exceeded budgeted amounts:

<u>Category</u>	<u>Amount in excess of Budget</u>
None	N/A

**NOTE 11-- FARE REVENUE RATIO**

The Agency claims TDA funding per Article 8, Section 99400(c), not Article 4, Section 99268. The Agency adopted resolution 21-02, which requires the Agency to follow the Commission's performance criteria and, therefore, does not have a fare box requirement. However, for comparison purposes only, the Agency's ratio of fare revenues to operating costs for the years ended June 30, 2022 and 2021 are presented below:

	<u>2022</u>	<u>2021</u>
Operating Revenues:		
Fare Revenue	\$ 33,905	\$ 9,949
Total Operating Revenue	<u>\$ 33,905</u>	<u>\$ 9,949</u>
Operating Expenses:		
Operating Expenses	\$ 567,552	\$ 554,140
Less: Depreciation	<u>(58,807)</u>	<u>(93,992)</u>
Adjusted Operating Expenses	<u>\$ 508,745</u>	<u>\$ 460,148</u>
Fare Revenue Ratio	<u>6.66%</u>	<u>2.16%</u>

The Agency adopted a resolution requiring a 10% Farebox ratio, however this requirement was waived due to the Coronavirus pandemic with the passage of California Assembly Bill 90.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**MODOC COUNTY TRANSPORTATION COMMISSION  
PLANNING FUND BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2022**

	Planning Fund			
	Budget Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Local Transportation Funds	\$ 89,400	\$ 104,600	\$ 46,306	\$ (58,294)
Intergovernmental:				
MCTC - LTF Trust	-	-	72,093	
Planning Programming and Monitoring	40,000	40,000	40,138	138
Rural Planning Assistance	158,000	158,000	158,000	-
RSTP Revenue	30,453	30,078	30,078	-
Refunds			1,098	1,098
Interest Income	-	-	844	844
Total Revenues	317,853	332,678	348,557	(56,214)
Expenditures				
Planning and Administration	317,853	332,678	308,304	24,374
Total Expenditures	317,853	332,678	308,304	24,374
Excess of Revenues Over (Under)				
Expenditures	\$ -	\$ -	40,253	\$ (31,840)
Transfers Out			(8,000)	
Fund Balance - July 1			400,894	
Fund Balance - June 30			\$ 433,147	



**MODOC COUNTY TRANSPORTATION COMMISSION  
PUBLIC AGENCY RETIREMENT SYSTEM (PARS)**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY /(ASSETS) AND RELATED RATIOS**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<b>Changes in Total Pension Liability</b>					
Service Cost	\$ 41,024	\$ 32,449	\$ 3,042	\$ 30,586	\$ 30,586
Interest on total pension liability	12,099	8,578	-	4,040	4,040
Actual vs. expected experience		9,014			
Assumption Change	12,849	(1,930)			
Benefit payments	(713)	-	-	-	(3,080)
Net change in total pension liability	65,259	48,111	3,042	34,626	31,546
Total pension liability -beginning	152,906	104,795	101,753	67,127	35,581
Total pension liability -ending	<u>\$ 218,165</u>	<u>\$ 152,906</u>	<u>\$ 104,795</u>	<u>\$ 101,753</u>	<u>\$ 67,127</u>
<b>Changes in Plan Fiduciary Net Position</b>					
Contributions-employer	\$ 22,848	\$ 30,269	\$ -	\$ 20,331	\$ 24,395
Contributions-employee	15,019	22,668	-	18,563	17,096
Net Investment Income	40,407	4,507	9,814	-	2,358
Benefit Payments	(713)	-	-	-	(3,080)
Administrative Expenses	(7,829)	(7,601)	-	(3,998)	(7,239)
Net change in plan fiduciary net position	69,732	49,843	9,814	34,896	33,530
Plan fiduciary net position- beginning	160,009	110,166	100,352	65,456	31,926
Plan fiduciary net position- ending	<u>229,741</u>	<u>160,009</u>	<u>110,166</u>	<u>100,352</u>	<u>65,456</u>
Net pension liability/ (asset) - ending	\$ (11,576)	\$ (7,103)	\$ (5,371)	\$ 1,401	\$ 1,671
Plan fiduciary net position as a percentage of total pension liability	105.31%	104.65%	-105.10%	98.36%	97.51%
Covered employee payroll	\$ 122,074	\$ 156,928	\$ 176,210	\$ 149,514	\$ 130,664
Net pension liability as a percentage of covered employee payroll	-9.5%	-4.5%	-3.0%	1.1%	1.3%

**Notes to Schedule:**

Fiscal year 2018 was the first year of implementation, therefore only five years are shown.

**MODOC COUNTY TRANSPORTATION COMMISSION  
PUBLIC AGENCY RETIREMENT SYSTEM (PARS)**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Actuarially Determined Contribution (ADC)	\$ 32,039	\$ 30,269	\$ 30,269	\$ 17,195	\$ 17,195
Contributions in relation to the ADC	32,039	30,269	30,269	17,195	17,195
Net change in total pension liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 122,074	\$ 156,928	\$ 176,210	\$ 149,514	\$ 130,664
Contributions as a % of covered employee payroll	26.25%	19.29%	17.18%	11.50%	13.16%

**NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal year 2018 was the first year of implementation, therefore only four years are shown.

**Methods and Assumptions for 2020/21 Actuarially Determined Contributions:**

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level Percent
Amortization Period	9 Year fixed period
Asset Valuation Method	Market Value of Assets
Discount Rate	5.75%
General Inflation	2.50%
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2020 modified to converge to ultimate rates in 2022
Salary Increases	Aggregate - 3.25%
	Merit - CalPERS 1997-2015 Experience Study

## **OTHER SUPPLEMENTARY INFORMATION**

**MODOC TRANSIT SERVICE AGENCY  
TRANSIT FUND BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating Revenues:				
Fare Revenues	\$ 20,000	\$ 35,000	33,866	\$ (1,134)
Total Operating Revenue	20,000	35,000	33,866	(1,134)
Operating Expenses:				
Contract Transportation Services	250,000	255,000	271,001	(16,001)
Vehicle and Equipment Maintenance	40,000	52,000	50,614	1,386
Building Improvements	-	9,200	9,106	94
Fuel	35,000	43,000	40,727	2,273
Labor	104,000	89,000	61,995	27,005
Utilities	20,000	22,000	18,199	3,801
Marketing	15,000	16,000	15,664	336
Other Expenses	14,491	17,950	10,705	7,245
Professional Services	30,000	29,000	26,084	2,916
Insurance	6,000	6,000	4,648	1,352
Transit Property & Insurance Reserve	148,173	55,475		
Depreciation			58,807	(58,807)
Total Operating Expenses	662,664	594,625	567,550	27,075
Operating Income (Loss)	(642,664)	(559,625)	(533,684)	25,941
Non-Operating Revenue (Expense):				
Local Transportation Funds	98,000	92,000	90,218	(1,782)
State Transportation Assistance Funds	71,262	84,350	84,351	1
Federal Grants			163,456	163,456
Covid 5311 Reimbursement	278,154	275,600	183,534	(92,066)
Lassen Transit Service Agency	30,000	30,000	28,103	(1,897)
Rural Transit Assistance Program	1,500	-	-	-
State of Good Repair Program			15,057	15,057
LCTOP - Exchange with Tehama County			24,931	24,931
Rents, Leases & Other	22,200	22,200	22,313	113
Building Improvement Reserve			-	-
Transit Property & Vehicle Reserve	126,348	55,475		(55,475)
Interest			1,736	1,736
Misc Income			5,039	
Total Non-Operating Revenues (Expenses)	627,464	559,625	618,738	54,074
Transfers Out	-	-	(6,000)	(6,000)
Change in Net Position	\$ (15,200)	\$ -	\$ 79,054	\$ 74,015

Note to Transit Fund Budgetary Comparison Schedule

For reconciliation of LTF unused cash balance as of 6/30/22 to total LTF allocation, see the Planning Fund Budgetary Comparison Schedule.

**MODOC COUNTY TRANSPORTATION COMMISSION  
COMBINING BALANCE SHEET  
PRIVATE PURPOSE TRUST FUNDS  
JUNE 30, 2022**

	Local Transportation Trust Fund	State Transit Assistance Fund	Total
<u>ASSETS</u>			
Cash In Plumas Bank	\$ 498,981		\$ 498,981
Cash in County Treasury	2,413	\$ 524	2,937
Accounts Receivable - LTF			-
TOTAL ASSETS	<u>\$ 501,394</u>	<u>\$ 524</u>	<u>\$ 501,918</u>
<u>NET POSITION</u>			
Net Position:			
Held in Trust	<u>\$ 501,394</u>	<u>\$ 524</u>	<u>\$ 501,918</u>
Total Net Position	<u>501,394</u>	<u>524</u>	<u>501,918</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 501,394</u>	<u>\$ 524</u>	<u>\$ 501,918</u>

**MODOC COUNTY TRANSPORTATION COMMISSION  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FIDUCIARY NET POSITION  
PRIVATE PURPOSE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022**

	Local Transportation Trust Fund	State Transit Assistance Fund	Total
<b>Revenues</b>			
Sales Tax	\$ 289,696	\$ 84,351	\$ 374,047
Intergovernmental	42,526	15,058	57,584
Interest Income	154	99	253
Total Revenues	<u>332,376</u>	<u>99,508</u>	<u>431,884</u>
<b>Expenditures</b>			
City of Alturas		-	-
Modoc County Transportation Commission	46,305	-	46,305
Modoc Transportation Agency	90,218	84,351	174,569
State of Good Repair		15,057	
TDA Claim	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total Expenditures	<u>236,523</u>	<u>99,408</u>	<u>335,931</u>
Excess Of Revenues Over (Under)			
Expenditures	95,853	100	95,953
<b>Transfers In (Out)</b>			
Transfers In	<u>9,777</u>	<u>-</u>	<u>9,777</u>
Excess Of Revenues And Transfers In			
Over(Under) Expenditures And Transfers Out	105,630	100	105,730
Net Position - July 1	<u>395,721</u>	<u>467</u>	<u>396,188</u>
Net Position - June 30	<u>\$ 501,351</u>	<u>\$ 567</u>	<u>\$ 501,918</u>

**MODOC COUNTY TRANSPORTATION COMMISSION**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**BY FUNDING SOURCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	OWP Budget	LTF 20/21	PPM 20/21	RPA 20/21	RSTP 20/21	Interest	Other-Misc.	Depreciation	TOTAL	Budget Variance
<b>Revenues</b>										
LTF 21/22	\$ 104,600	\$ 118,399	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118,399	\$ 13,799
PPM 21/22	40,000	40,138							40,138	138
RPA 21/22	158,000		158,000						158,000	-
RSTP 21/22	30,078			30,078					30,078	-
Interest						844			844	844
Other							1,017		1,017	1,017
<b>Total Income</b>	<b>332,678</b>	<b>118,399</b>	<b>40,138</b>	<b>158,000</b>	<b>30,078</b>	<b>844</b>	<b>1,017</b>	<b>-</b>	<b>348,476</b>	<b>15,798</b>
<b>Expenses</b>										
Pavement Management System	\$ 5,400	-	-	-	5,385	-	-	-	5,385	15
Accounting/Auditing	19,100	17,478							17,478	1,622
Commissioner Per Diem	8,400	6,275	775						7,050	1,350
Depreciation Expense	-							3,637	3,637	(3,637)
Insurance	20,000	19,616							19,616	384
IT Equipment	1,000								-	1,000
It Service and Support	10,000	7,692							7,692	2,308
Lease and Overhead	17,200	17,129							17,129	71
Legal Notices	1,000	354							354	646
Legal Services	1,000	186							186	814
Miscellaneous	378								-	378
Office Supplies	2,000	1,171							1,171	829
Payroll Services	9,200	8,636							8,636	564
Planning and Support	4,253								-	4,253
Salaries/Labor	235,000	12,597	38,665	157,001	24,693				232,956	2,044
Travel/Training/Memberships	3,000	133	560	1,000					1,693	1,307
<b>Total Expenses</b>	<b>336,931</b>	<b>91,267</b>	<b>40,000</b>	<b>158,001</b>	<b>30,078</b>	<b>-</b>	<b>-</b>	<b>3,637</b>	<b>322,983</b>	<b>13,948</b>
<b>Increase/(Decrease) in Net Position</b>	<b>\$ (4,253)</b>	<b>\$ 27,132</b>	<b>\$ 138</b>	<b>\$ (1)</b>	<b>\$ 0</b>	<b>\$ 844</b>	<b>\$ 1,017</b>	<b>\$ (3,637)</b>	<b>\$ 25,493</b>	<b>\$ 29,746</b>

**MODOC COUNTY TRANSPORTATION COMMISSION  
SCHEDULE OF ALLOCATIONS AND EXPENDITURES  
LOCAL TRANSPORTATION FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Public Utilities Code Section</u>		<u>Total</u>
	<u>Administration 99233.1</u>	<u>Contracted Transit Services 99400 (c)</u>	
<b>Allocations</b>			
Sales Tax and Other Income	\$ 319,113	\$ -	\$ 319,113
Total Allocations	<u>319,113</u>	<u>-</u>	<u>319,113</u>
<b>Expenditures</b>			
City of Alturas	-	-	-
Modoc County Transportation Commission	46,305		46,305
Modoc Transportation Agency	<u>90,218</u>	<u>-</u>	<u>90,218</u>
Total Expenditures	<u>136,523</u>	<u>-</u>	<u>136,523</u>
Excess Of Allocations Over (Under)			
Expenditures	<u>\$ 182,590</u>	<u>\$ -</u>	<u>\$ 182,590</u>



**MODOC COUNTY TRANSPORTATION COMMISSION  
SCHEDULE OF ALLOCATIONS AND EXPENDITURES  
STATE TRANSIT ASSISTANCE FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

	Public Utilities
	<u>Code Section</u>
	General Public
	<u>6731</u>
<b>Allocation</b>	
STAF	\$ 84,351
State of Good Repair	15,057
Interest	<u>57</u>
Total Allocations	<u>99,465</u>
<b>Expenditures</b>	
Modoc Transportation Agency and Miscellaneous	<u>105,275</u>
Total Expenditures	<u>105,275</u>
Excess Of Allocations Over (Under)	
Expenditures	<u><u>\$ (5,810)</u></u>

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH THE STATUTES, RULES, AND REGULATIONS OF THE  
CALIFORNIA TRANSPORTATION DEVELOPMENT ACT AND THE ALLOCATION  
INSTRUCTIONS AND RESOLUTIONS OF THE LOCAL TRANSPORTATION  
COMMISSION**

Board of Commissioners  
Modoc County Transportation Commission  
Alturas, California

**Report on State Compliance**

We have audited the financial statements of the Transportation Development Act Funds of the Modoc County Transportation Commission as of and for the year ended June 30, 2022 and have issued a report thereon dated October 30, 2022.

**Management's Responsibility for State Compliance**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

**Auditor's Responsibility**

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. We have also audited the Commission's compliance with the California Code of Regulations Sections 6661, 6662, 6666 and 6751 that are applicable to Modoc County Transportation Commission. Additionally, we performed tests to determine that expenditures paid by the Modoc Transportation Agency were made in accordance with the allocation instructions and resolutions of Modoc County Transportation Commission and in conformance with the California Transportation Development Act. Also as part of our audit, we performed test of compliance to determine whether certain state bond funds were received and expended in accordance with applicable bond act and state accounting requirements. Compliance with the requirements referred to above is the responsibility of the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

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The auditing standards referred to above require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the state laws and regulations applicable to the items above occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Commission's compliance with those requirements.

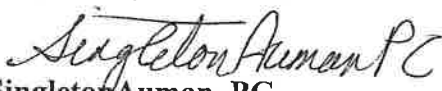
### **Opinion on State Compliance**

In our opinion, the Modoc County Transportation Commission complied, in all material respects, with the statutes, rules, and regulations of the California Transportation Development Act, the allocation instructions and resolutions, and with applicable bond act and state accounting requirements.

### **Purpose of This Report**

The report is intended solely for the information and use of Modoc County Transportation Commission, the California Department of Transportation, and the State Controller's Office and should not be used by anyone other than these specified parties.

Respectfully submitted,

  
Singleton Auman, PC  
Susanville, CA  
October 30, 2022

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

Board of Commissioners  
Modoc County Transportation Commission  
Alturas, 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 governmental activities, business-type activities, and each major fund of the Modoc County Transportation Commission as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated October 30, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Commission'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. See Findings 2022-001 and 2022-002.

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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 that are required to be reported under *Government Auditing Standards*.

## **Commission's Response to Findings**

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

## **Purpose of the Report**

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Singleton Auman PC".

SingletonAuman PC  
Susanville, CA  
October 30, 2022

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**MODOC COUNTY TRANSPORTATION COMMISSION  
COMBINED SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2022**

**EXECUTIVE SUMMARY**

The Commission provides regional transportation planning activities for the area of Modoc County.

The quality of the Commission's internal controls is dependent upon oversight by the Board Members. A summary of the auditors' results follows:

1. **Type of Auditors' Report on Financial Statements:** Unmodified.
2. **Internal Control Findings:** 2 Significant Deficiencies
3. **Material Noncompliance Noted:** None.

**MODOC COUNTY TRANSPORTATION COMMISSION  
COMBINED SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2022**

**Internal Control – Significant Deficiency**

**Finding 2022-001 Financial Reporting**

**Criteria Upon Which Audit Finding is Based (Legal Citation)**

*AU-C Section 265, Communicating Internal Control Matters Identified in an Audit.*

**Finding (Condition)**

Similar to many small governmental entities, the Commission is not providing complete and accurate MD&A and footnote disclosures that are prepared in accordance with GAAP prior to the annual audit.

**Amount of Questioned Cost, How Computed and Prevalence**

None.

**Effect**

There is a risk that a material financial statement misstatement may exist and not be prevented or detected by the Commission's system of internal control.

**Cause**

The Commission does not have the resources to address this deficiency.

**Recommendation**

We recommend that the Commission consider the cost benefit of hiring an accountant familiar with GAAP or contracting with an independent CPA firm to compile financial statements in conformity with GAAP.

**Commission's Response**

The Commission has determined that the costs of correcting the control weakness outweigh the benefits to be received. The Commission will continue to rely on the independent auditor to prepare its annual financial statements.



**MODOC COUNTY TRANSPORTATION COMMISSION  
COMBINED SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2022**

**Internal Control – Significant Deficiency**

**Finding 2022-002 Lack of Segregation of Duties**

**Criteria Upon Which Audit Finding is Based (Legal Citation)**

*AU-C Section 265, Communicating Internal Control Matters Identified in an Audit.*

**Finding (Condition)**

An inadequate segregation of duties exists in the areas of cash handling, payroll, general ledger & financial reporting, and grants management with the Commission personnel.

**Amount of Questioned Cost, How Computed and Prevalence**

None.

**Effect**

The Commission has exposure to risk of financial statement misstatement and the potential risk of fraud.

**Cause**

Due to the number of personnel assigned to duties that involve access to the general ledger and other accounting records and who also have custody of and responsibility for handling cash and other assets, an inadequate segregation of duties exists.

**Recommendation**

We recommend the Commission employees and Board maintain diligence for the potential risks of not having an adequate segregation of duties. The Commission should consider segregating the following duties as much as possible:

1. Receiving cash, deposit preparation, and posting the deposit to the general ledger.
2. Preparing voucher packages/check requests, approving checks for payment, and mailing checks.
3. Bank reconciliations, and cash receipt & disbursements. Bank reconciliations should be prepared by someone who is not responsible for recording transaction in the general ledger
4. Administrative staff who are not involved in cash or accounting related functions could perform duties, such as taking deposits to the bank, maintaining check stock, etc...

**Commission's Response**

The Commission has implemented policies due to the small number of employees employed by MCTC:

1. The Chair reviews and signs payables along with the Executive Director.
2. All transactions are reviewed and approved by the Commission.
3. Deposits are prepared by one staff and another takes the deposit to the bank.

**MODOC COUNTY TRANSPORTATION COMMISSION  
CORRECTIVE ACTION PLAN  
JUNE 30, 2022**

**Person Monitoring Corrective Action Plan**

Debbie Pedersen, Executive Director

**Finding 2022-001 Financial Reporting**

Finding (Condition)

Similar to many small governmental entities, the Commission is not providing complete and accurate MD&A and footnote disclosures that are prepared in accordance with GAAP prior to the annual audit.

Corrective Action Planned

The Commission has determined that the costs of correcting the control weakness outweigh the benefits to be received. The Commission will continue to rely on the independent auditor to prepare its annual financial statements.

Expected Completion Date

Ongoing.

**Finding 2022-002 Lack of Segregation of Duties**

Finding (Condition)

An inadequate segregation of duties exists in the areas of cash handling, payroll, general ledger & financial reporting, and grants management with the Commission personnel.

Corrective Action Planned

The Commission has implemented policies due to the small number of employees employed by MCTC:

1. The Chair reviews and signs payables along with the Executive Director.
2. All transactions are reviewed and approved by the Commission.
3. Deposits are prepared by one staff and another takes the deposit to the bank.

Expected Completion Date

Ongoing.

**MODOC TRANSPORTATION AGENCY  
CORRECTIVE ACTION PLAN  
JUNE 30, 2022**

**Person Monitoring Corrective Action Plan**

Debbie Pedersen, Executive Director

**Finding 2022-001 Financial Reporting**

Finding (Condition)

Similar to many small governmental entities, the Agency is not providing complete and accurate footnote disclosures that are prepared in accordance with GAAP prior to the annual audit.

Corrective Action Planned

The Agency has determined that the costs of correcting the control weakness outweigh the benefits to be received. The Agency will continue to rely on the independent auditor to prepare its annual financial statements.

Expected Completion Date

Ongoing.

**Finding 2022-002 Lack of Segregation of Duties**

Finding (Condition)

An inadequate segregation of duties exists in the areas of cash handling, payroll, general ledger & financial reporting, and grants management with the Agency personnel.

Corrective Action Planned

The Board has implemented policies due to the small number of employees employed by MTA:

1. The Chair reviews and signs payables along with the Executive Director.
2. All transactions are reviewed and approved by the Commission.
3. Deposits, including passenger fares, are prepared by one staff and another takes the deposit to the bank.

Expected Completion Date

Ongoing.

**MODOC COUNTY TRANSPORTATION COMMISSION  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FINDINGS FROM THE JUNE 30, 2021 AUDIT REPORT)  
FOR THE YEAR ENDED JUNE 30, 2022**

**Finding 2021-001 Financial Reporting**

Similar to many small governmental entities, the Commission is not providing complete and accurate MD&A and footnote disclosures that are prepared in accordance with GAAP prior to the annual audit

Status: See Current Year Finding 2022-001.



**MODOC COUNTY TRANSPORTATION COMMISSION  
CORRECTIVE ACTION PLAN  
JUNE 30, 2022**

**Person Monitoring Corrective Action Plan**  
Debbie Pedersen, Executive Director

**Finding 2022-001 Financial Reporting**

**Finding (Condition)**

Similar to many small governmental entities, the Commission is not providing complete and accurate MD&A and footnote disclosures that are prepared in accordance with GAAP prior to the annual audit.

**Corrective Action Planned**

The Commission has determined that the costs of correcting the control weakness outweigh the benefits to be received. The Commission will continue to rely on the independent auditor to prepare its annual financial statements.

**Expected Completion Date**

Ongoing.

**Finding 2022-002 Lack of Segregation of Duties**

**Finding (Condition)**

An inadequate segregation of duties exists in the areas of cash handling, payroll, general ledger & financial reporting, and grants management with the Commission personnel.

**Corrective Action Planned**

The Commission will be evaluating the processes in the accounting department with future personnel.

**Expected Completion Date**

Ongoing.