

**MARIPOSA COUNTY TRANSIT FUND,
CALIFORNIA**



**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2021**

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MARIPOSA COUNTY TRANSIT FUND
Annual Financial Report
For the Year Ended June 30, 2021

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FINANCIAL SECTION

- **Independent Auditor's Report**
- **Management's Discussion and Analysis**
- **Basic Financial Statements**

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INDEPENDENT AUDITOR'S REPORT

To the Mariposa County Transportation Commission
County of Mariposa
Mariposa, California

Report on the Financial Statements

We have audited the accompanying financial statements of the proprietary fund of the Mariposa County Transit Fund of the County of Mariposa, California (Transit Fund), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Transit Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

To the Mariposa County Transportation Commission
County of Mariposa
Mariposa, California

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the proprietary fund of the Transit Fund as of June 30, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Mariposa County Transit Fund and do not purport to, and do not, present fairly the financial position of the County of Mariposa, California, as of June 30, 2021, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Summarized Comparative Information

The financial statements include summarized prior year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Transit Fund's financial statements for the year ended June 30, 2020, from which such partial information was derived.

We have previously audited the Transit Fund's June 30, 2020 financial statements and our report, dated December 28, 2020, expressed an unmodified opinion on the financial statements of the proprietary fund. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

To the Mariposa County Transportation Commission
County of Mariposa
Mariposa, California

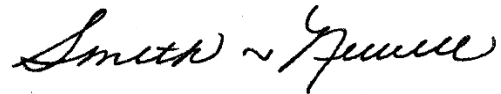
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Transit Fund's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 9, 2022, on our consideration of the Transit Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Transit Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Transit Fund's internal control over financial reporting and compliance.



Smith & Newell CPAs
Yuba City, California
January 9, 2022

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**Management's Discussion and Analysis
(Unaudited)**

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**County of Mariposa Transit Fund
Fiscal Year 2020-21
Management's Discussion and Analysis**

This management discussion and analysis of the Mariposa County Transit District presents a narrative and overview of the Transit District's financial performance during the fiscal year ended June 30, 2021. The Transit District provides curb to curb transportation services to residents through a Dial-A-Ride reservation system. The buses are equipped to be accessible to those who are handicapped. Medical transportation is available to seniors and veterans traveling to appointments in Mariposa, Fresno, Merced, and Oakhurst.

FINANCIAL HIGHLIGHTS

At 2020/21 fiscal year-end the liabilities of the Transit District exceeded assets by \$130,659. Cash in the Transit fund increased \$48,220 as compared to the previous fiscal year-end; mainly due to an increase in cash received from the State for prior year FTA Section 5311 revenue. Total Net Position is (\$88,396), of this amount, (\$103,769) is unrestricted. The Transit District experienced a decrease in net position of \$92,280 during fiscal year 2020/21 due to an increase in the net OPEB liability and net pension liability, offset by an increase in a combination of operating and non-operating revenue in the amount of \$24,931 as compared to the prior fiscal year.

The Transit District normally operates at a loss prior to the non-operating revenues it receives from LTC, STAP, and FTA Section 5311 funding as well as interest revenue. The total deferred outflows and inflows of resources are a result of reporting requirements established by GASB 68 and GASB 75, which require governments providing defined benefit pension plans and OPEB to recognize the corresponding long-term obligations. Unearned revenue is recorded in the Transit fund as a result of previously mentioned non-operating transfers that are received from LTC and STAP funds. There was no unearned revenue recorded in fiscal year 2020/21. Revenue is recognized as operating expenses occur in the Transit fund. Of note in the schedule of long-term liabilities is the fact that net OPEB increased by \$139,160. This is primarily due to higher full-time Transit salaries paid in FY 20/21 as compared to the prior year, which is the basis that the County uses for allocating the net OPEB liability.

Statement of Net Position

	Transit	
	2021	2020
Assets:		
Current Assets	\$ 264,824	\$ 207,337
Capital Assets	15,373	23,539
Total Assets	280,197	230,876
Deferred Outflows of Resources:		
Pension Adjustments	44,350	31,645
OPEB Adjustments	25,542	696
Total Deferred Outflows of Resources	69,892	32,341
Liabilities:		
Current Liabilities	11,742	7,431
Non-Current Liabilities	399,114	246,864
Total Liabilities	410,856	254,295
Deferred Inflows of Resources:		
Pension Adjustments	139	3,567
OPEB Adjustments	27,490	1,471
Total Deferred Inflows of Resources	27,629	5,038
Net Position:		
Investment in capital assets	15,373	23,539
Unrestricted	(103,769)	(19,655)
Total Net Position	\$ (88,396)	\$ 3,884

**County of Mariposa Transit Fund
Fiscal Year 2020-21
Management's Discussion and Analysis**

Statement of Revenues, Expenses and Changes in Net Position

	2021	2020
Operating Revenues	\$ 77,471	\$ 59,563
Operating Expenses	479,748	106,918
Operating Income (Loss)	(402,277)	(47,355)
Non-Operating Revenues	309,997	302,974
Change in Net Position	(92,280)	255,619
Total Net Position - Beginning	3,884	(423,519)
Prior Period Adjustment	-	171,784
Total Net Position - Beginning	3,884	(251,735)
Total Net Position - Ending	\$ (88,396)	\$ 3,884

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements are prepared using proprietary fund (enterprise fund) accounting that uses the same basis of accounting as private-sector business enterprises. The District is operated under one enterprise fund.

The basic financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows. These are followed by notes to the financial statements.

CAPITAL ASSETS AND DEBT ADMINISTRATION

In FY 2020-21 the Mariposa County Transit District, after accounting for \$8,166 in depreciation showed a decrease in net capital assets being depreciated. No capital assets were purchased during FY 2020-21. Capital assets as of June 30, 2021, are as follows:

	Capital Assets			
	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021
Capital Assets, Being Depreciated:				
Equipment	\$ 444,281	\$ -	\$ -	\$ 444,281
Structures and Improvements	10,280	-	-	10,280
Total Capital Assets, Being Depreciated	454,561	-	-	454,561
Less Accumulated Depreciation for:				
Equipment	(427,938)	(7,995)	-	(435,933)
Structures and Improvements	(3,084)	(171)	-	(3,255)
Total Accumulated Depreciation	(431,022)	(8,166)	-	(439,188)
Total Capital Assets Being Depreciated, Net	\$ 23,539	\$ (8,166)	\$ -	\$ 15,373

**County of Mariposa Transit Fund
Fiscal Year 2020-21
Management's Discussion and Analysis**

The Mariposa County Transit District has three types of long-term liabilities: Compensated Absences, OPEB and Pension Liability. Following is a summary of changes in the long-term liabilities.

	Debt				Amounts
	Balance	Additions/		Balance	Due Within
	June 30, 2020	Adjustments	Retirements	June 30, 2021	One Year
Compensated Absences	\$ 9,682	\$ 7,843	\$ (5,298)	\$ 12,227	\$ 6,488
Net Pension Liability	233,559	81,550	(66,222)	248,887	-
Net OPEB Liability	5,328	143,269	(4,109)	144,488	-
Total Long-Term Liabilities	<u>\$ 248,569</u>	<u>\$ 232,662</u>	<u>\$ (75,629)</u>	<u>\$ 405,602</u>	<u>\$ 6,488</u>

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

The Transit department will continue to claim a significant amount of Local Transportation monies in Mariposa County to fund operations. Transit also receives operating subsidies under Section 5311 of the Federal Transportation Act. There is \$111,471 budgeted in the capital asset category of the Transit budget for the purchase of vans to serve the senior citizen population of Mariposa County. Operating expenses are expected to increase in FY 21/22 due to an increase in the personnel budget of approximately \$102,387.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview to the taxpayers of the finances of the Mariposa County Transit District. Questions regarding any information provided in this report or requests for additional information should be addressed to the Mariposa County Department of Public Works at 4639 Ben Hur Road, Mariposa, California 95338 or the County Auditor's Office at P.O. Box 729, Mariposa, California 95338.

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Basic Financial Statements

- **Fund Financial Statements**

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MARIPOSA COUNTY TRANSIT FUND
Statement of Net Position
June 30, 2021
(With Summarized Comparative Totals for June 30, 2020)

	Totals	
	2021	2020
ASSETS		
Current Assets:		
Cash and investments	\$ 150,739	\$ 102,519
Receivables:		
Intergovernmental	113,548	104,553
Prepaid costs	537	265
	264,824	207,337
Noncurrent Assets:		
Capital assets:		
Depreciable, net	15,373	23,539
	15,373	23,539
	280,197	230,876
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension adjustments	44,350	31,645
Deferred OPEB adjustments	25,542	696
	69,892	32,341
LIABILITIES		
Current Liabilities:		
Accounts payable	4,553	4,275
Salaries and benefits payable	701	1,451
Compensated absences payable	6,488	1,705
	11,742	7,431
Noncurrent Liabilities:		
Compensated absences payable	5,739	7,977
Net pension liability	248,887	233,559
Net OPEB liability	144,488	5,328
	399,114	246,864
	410,856	254,295
DEFERRED INFLOWS OF RESOURCES		
Deferred pension adjustments	139	3,567
Deferred OPEB adjustments	27,490	1,471
	27,629	5,038
NET POSITION		
Investment in capital assets	15,373	23,539
Unrestricted	(103,769)	(19,655)
	\$ (88,396)	\$ 3,884

The notes to the basic financial statements are an integral part of this statement.

MARIPOSA COUNTY TRANSIT FUND
Statement of Revenues, Expenses
And Changes in Net Position
For the Year Ended June 30, 2021
(With Summarized Comparative Totals for June 30, 2020)

	Totals	
	2021	2020
OPERATING REVENUES		
Passenger fares	\$ 77,471	\$ 59,563
Total Operating Revenues	77,471	59,563
OPERATING EXPENSES		
Salaries and benefits	379,391	20,328
Services and supplies	92,191	78,425
Depreciation	8,166	8,165
Total Operating Expenses	479,748	106,918
Operating Income (Loss)	(402,277)	(47,355)
NON-OPERATING REVENUES		
Local transportation funds	12,244	15,000
State transit assistance funds	186,236	181,586
FTA Section 5311	110,488	104,553
Interest income	1,029	272
Other revenues	-	1,563
Total Non-Operating Revenues	309,997	302,974
Change in Net Position	(92,280)	255,619
Total Net Position - Beginning	3,884	(423,519)
Prior period adjustment	-	171,784
Total Net Position - Beginning, Restated	3,884	(251,735)
Total Net Position - Ending	\$ (88,396)	\$ 3,884

The notes to the basic financial statements are an integral part of this statement.

MARIPOSA COUNTY TRANSIT FUND
Statement of Cash Flows
For the Year Ended June 30, 2021
(With Summarized Comparative Totals for June 30, 2020)

	Totals	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 77,471	\$ 61,881
Payments to suppliers	(92,186)	(77,398)
Payments to employees	(238,068)	(199,433)
	(252,783)	(214,950)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Local transportation funds	12,244	15,000
State transit assistance funds	186,236	181,586
FTA Section 5311	101,494	100,716
Other revenues	-	1,563
	299,974	298,865
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	1,029	272
	1,029	272
Net Cash Provided (Used) by Investing Activities		
	48,220	84,187
Net Increase (Decrease) in Cash and Cash Equivalents		
	102,519	18,332
Balances - Beginning		
Balances - Ending	\$ 150,739	\$ 102,519
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (402,277)	\$ (47,355)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	8,166	8,165
Decrease (increase) in:		
Accounts receivable	-	2,318
Prepaid costs	(272)	421
Pension adjustments - deferred outflows	(12,705)	14,576
OPEB adjustments - deferred outflows	(24,846)	12,545
Increase (decrease) in:		
Accounts payable	277	606
Salaries and benefits payable	(750)	324
Compensated absences payable	2,545	1,060
Net pension liability	15,328	11,662
Net OPEB liability	139,160	(221,161)
Pension adjustments - deferred inflows	(3,428)	418
OPEB adjustments - deferred inflows	26,019	1,471
	(252,783)	(214,950)
Net Cash Provided (Used) by Operating Activities	\$ (252,783)	\$ (214,950)

The notes to the basic financial statements are an integral part of this statement.

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Basic Financial Statements

- **Notes to Basic Financial Statements**

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MARIPOSA COUNTY TRANSIT FUND
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Legislature of the State of California enacted the Transportation Development Act (TDA) (SB325) represented by Chapter 1400, Statutes of 1971, effective July 1, 1972. The TDA provides for state funding to the counties for public transportation expenditures. The principal source of funding is derived from 1/4 cent of the state sales tax collected statewide. The 1/4 cent is returned by the State Board of Equalization to each county according to the amount of sales tax collected in the county.

The TDA requires that each county have a transportation planning agency. The Mariposa County Transportation Commission (MCTC) fulfills this requirement and is reported on under a separate report.

The transfers from the MCTC to the Transit Fund are to meet the excess of expenses over revenues of the transit system, which are deemed unmet transit needs of the County.

The financial statements are intended to present the financial position and results of operations and cash flows of only the transactions attributable to the Mariposa County Transit Fund. They are not intended to present the financial position, results of operations or cash flows of the County of Mariposa taken as a whole.

The Transit Fund is presented as an enterprise fund within the County of Mariposa financial statements.

B. Basis of Presentation

Fund financial statements of the Transit Fund are organized into one fund, which is considered to be a separate accounting entity. The Transit Fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenses. The fund is organized into the proprietary category and is treated as a major fund.

C. Basis of Accounting and Measurement Focus

The proprietary fund financial statements are reported using the economic resources measurement focus and 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 Transit Fund gives (or receives) value without directly receiving (or giving) equal value in exchange include, local transportation revenue and state transit assistance revenues. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

MARIPOSA COUNTY TRANSIT FUND
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Cash Equivalents

For purposes of the accompanying Statement of Cash Flows, the Transit Fund considers all highly liquid investments, with original maturity of three months or less and amounts held in the County's investment pool to be cash and cash equivalents.

E. Investments

The Transit Fund pools all cash and investments with the County of Mariposa. The Transit Fund's share in the pool is displayed in the accompanying financial statements as cash and investments.

Participant's equity in the investment pool is determined by the dollar amount of participants deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Interest payments, accrued interest, accreted discounts, amortized premiums, and realized capital gains and losses, net of administrative fees, are apportioned to pool participants every quarter. This method differs from the fair value method used to value investments in these financial statements as unrealized gains or losses are not apportioned to pool participants. During the fiscal year ended June 30, 2021, the County Treasurer has not entered into any legally binding guarantees to support the value of participant equity in the investment pool.

F. Receivables

Receivables consist mainly of amounts due from other governments. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

G. Prepaid Costs

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as an expense when consumed rather than when purchased.

H. Capital Assets

Capital assets are defined by the Transit Fund as assets with a cost of more than \$5,000 and an estimated useful life of more than three years. Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is unavailable. Contributed capital assets are recorded at their acquisition value at the date of donation.

Capital assets used in operations are depreciated or amortized using the straight-line method over the assets' estimated useful lives. The range of estimated useful lives by type of asset is as follows:

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Equipment	3 to 25 years
Structures and Improvements	3 to 60 years

MARIPOSA COUNTY TRANSIT FUND
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

I. Unearned Revenue

Under the accrual basis of accounting, revenue may be recognized only when it is earned. When assets are recognized in connection with a transaction before the earnings process is complete, those assets are offset by a corresponding liability for unearned revenue.

J. Compensated Absences

The Transit Fund is a fund of Mariposa County and as such their employees are covered under the compensated absences policy of the County of Mariposa. It is the County's policy to permit employees to accumulate a limited amount of earned but unused vacation leave. The liability for these compensated absences is recorded as long-term liabilities in the financial statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, proprietary funds report the liability as it is incurred. The Transit Fund includes its share of social security and medicare taxes payable on behalf of the employees in the accrual for compensated absences.

K. Pensions

The Transit Fund is a fund of Mariposa County and a portion of the County's retirement plan costs have been allocated to the Transit Fund. For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pension, and pension expense, information about the fiduciary net position of the County of Mariposa's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. Other Postemployment Benefits (OPEB)

The Transit Fund is a fund of Mariposa County and a portion of the County's OPEB costs have been allocated to the Transit Fund. For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources, related to OPEB and OPEB expense, information about the fiduciary net position of the County Retiree Benefits Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

MARIPOSA COUNTY TRANSIT FUND
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The Transit Fund has two items that qualify for reporting in this category. These items relate to the outflows from changes in the net pension liability and net OPEB liability and are reportable on the Statement of Net Position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Transit Fund has two items that qualify for reporting in this category. These items relate to the inflows from changes in the net pension liability and net OPEB liability and are reportable on the Statement of Net Position.

N. Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

O. Implementation of Governmental Accounting Standards Board (GASB) Statements

The following Governmental Accounting Standards Board (GASB) Statement has been implemented, if applicable, in the current financial statements.

Statement No. 84, “Fiduciary Activities” The requirements of this statement are effective for periods beginning after December 15, 2019. The Transit Fund does not have any fiduciary activities to report for the year ended June 30, 2021.

Statement No. 90, “Majority Equity Interest” In September 2018, the GASB issued Statement No. 90, an amendment of GASB Statements No. 14 and No. 61. The requirements of this statement will take effect for financial statement starting with the fiscal year that ends June 30, 2021. The Transit Fund does not have any majority equity interests to report for the year ended June 30, 2021.

P. Future Accounting Pronouncements

The following GASB Statements will be implemented in future financial statements, if applicable:

Statement No. 87 “Leases” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

Statement No. 89 “Accounting for Interest Cost Incurred Before the End of a Construction Period” The requirements of this statement are effective for periods beginning after December 15, 2020. (FY 21/22)

Statement No. 91 “Conduit Debt Obligations” The requirements of this statement are effective for periods beginning after December 15, 2021. (FY 22/23)

MARIPOSA COUNTY TRANSIT FUND
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Future Accounting Pronouncements (Continued)

Statement No. 92 “Omnibus 2020” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

Statement No. 93 “Replacement of Interbank Offered Rates” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

Statement No. 94 “Public-Private and Public-Public Partnerships and Availability Payment Arrangements” The requirements of this statement are effective for periods beginning after June 15, 2022. (FY 22/23)

Statement No. 96 “Subscription-Based Information Technology Arrangements” The requirements of this statement are effective for periods beginning after June 15, 2022. (FY 22/23)

Statement No. 97 “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Net Position

The Transit fund had a net position deficit of \$88,396, which is expected to be eliminated in future years through the Local Transportation Fund and State Transit Assistance allocating from the Mariposa County Transportation Commission.

NOTE 3: CASH AND INVESTMENTS

A. Financial Statement Presentation

As of June 30, 2021, the Transit Fund’s cash and investments consisted of the following:

Cash and Investments:	
Mariposa County Treasurer’s pool	\$ 150,739
Total Cash and Investments	<u>\$ 150,739</u>

B. Cash

Custodial Credit Risk for Deposits - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Transit Fund will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The Transit Fund complies with the requirements of the California Government Code. Under this code, deposits of more than \$250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds.

MARIPOSA COUNTY TRANSIT FUND
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments

The Transit Fund does not have a formal investment policy. At June 30, 2021, all investments of the Transit Fund were in the County of Mariposa investment pool. Under the provisions of the County's investment policy and the California Government Code, the County may invest or deposit in the following:

- United States Treasury Securities
- United States Government Agency Securities
- Municipal Securities of Local and State Entities Within the State of California
- Bankers' Acceptances
- Certificates of Deposit
- Commercial Paper
- Medium-Term Notes
- Asset Backed Securities
- Repurchase/Reverse Repurchase Agreements
- Local Agency Investment Fund (LAIF)

Fair Value of Investments - The Transit Fund measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs

As of June 30, 2021, the Transit Fund held no individual investments. Accordingly, the measurement of fair value for the Transit Fund's proportionate share of investments in the County investment pool is based on uncategorized inputs not defined as Level 1, Level 2, or Level 3. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County's financial statements. The County of Mariposa's financial statements may be obtained by contacting the County of Mariposa Auditor-Controller's office at 4982 10th Street, Mariposa, CA 95538.

Interest Rate Risk - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. To limit exposure to fair value losses resulting from increases in interest rates, the County's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the County to meet all projected obligations.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County's investment policy sets specific parameters by type of investment to be met at the time of purchase. As of June 30, 2021, the Transit Fund's investments were all held with the County of Mariposa investment pool which is not rated by a nationally recognized statistical rating organization.

MARIPOSA COUNTY TRANSIT FUND
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

Custodial Credit Risk - Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the Transit Fund will not be able to recover its deposits or collateral securities that are in the possession of an outside party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investments in securities through the use of mutual funds or government investment pools.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the Transit Fund's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. State law and the investment policy of the County contain limitations on the amount that can be invested in any one issuer. All investments of the Transit Fund were in the Mariposa County investment pool which contains a diversification of investments.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021, was as follows:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2021</u>
Capital Assets, Being Depreciated:				
Equipment	\$ 444,281	\$ -	\$ -	\$ 444,281
Structures and improvements	<u>10,280</u>	<u>-</u>	<u>-</u>	<u>10,280</u>
Total Capital Assets, Being Depreciated	<u>454,561</u>	<u>-</u>	<u>-</u>	<u>454,561</u>
Less Accumulated Depreciation For:				
Equipment	(427,938)	(7,995)	-	(435,933)
Structures and improvements	<u>(3,084)</u>	<u>(171)</u>	<u>-</u>	<u>(3,255)</u>
Total Accumulated Depreciation	<u>(431,022)</u>	<u>(8,166)</u>	<u>-</u>	<u>(439,188)</u>
Total Capital Assets, Net	<u>\$ 23,539</u>	<u>(\$ 8,166)</u>	<u>\$ -</u>	<u>\$ 15,373</u>

Total depreciation expense of \$8,166 was charged to operations for the year ended June 30, 2021.

MARIPOSA COUNTY TRANSIT FUND
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 5: UNEARNED REVENUES

The Mariposa County Transportation Commission allocates State Transit Assistance (STA) funds and Local Transportation Fund (LTF) funds to the Transit Fund to fund its operations. The Transportation Development Act (TDA) requires that any funds not used must be returned to their source. STA and LTF allocations are considered earned when they are properly spent for operations by the Transit Fund. Allocations received but not earned are recorded as unearned revenue. The following table summarizes the changes in the unearned revenue - TDA for the fiscal year ended June 30, 2021:

	<u>Unearned Revenue – TDA</u>
Unearned Revenue – TDA, Beginning of Year, as adjusted	\$ -
LTF Revenues Received	12,244
STA Revenues Received	186,236
TDA Revenues Recognized	(198,480)
Unearned Revenue – TDA, End of Year	<u>\$ -</u>

NOTE 6: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2021:

<u>Type of Indebtedness</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2021</u>	<u>Amounts Due Within One Year</u>
Compensated Absences	\$ 9,682	\$ 7,843	(\$ 5,298)	\$ 12,227	\$ 6,488
Total	<u>\$ 9,682</u>	<u>\$ 7,843</u>	<u>(\$ 5,298)</u>	<u>\$ 12,227</u>	<u>\$ 6,488</u>

NOTE 7: NET POSITION

The proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net investment in capital assets** - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- **Restricted net position** - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - all other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Net Position Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net position are available, it is considered that restricted resources are used first, followed by the unrestricted resources.

MARIPOSA COUNTY TRANSIT FUND
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 8: EMPLOYEE BENEFITS

A. Employee's Retirement Plan

The Transit Fund is a fund of the County of Mariposa and as such the Transit Fund's employees are covered under the retirement plan of the County of Mariposa.

The County of Mariposa contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by statute. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

A portion of the County's retirement plan costs have been allocated to the Transit Fund as follows:

Net Pension Liability at Fiscal Year Ending June 30, 2020	\$ 233,559
Changes for the year:	
Service costs	20,063
Interest on total pension liability	54,058
Differences between expected and actual experience	6,673
Contributions – employer	(29,245)
Contributions – employee	(10,143)
Net investment income	(26,834)
Administrative expense	<u>756</u>
Net Changes	<u>15,328</u>
Net Pension Liability at Fiscal Year Ending June 30, 2021	<u>\$ 248,887</u>

Required disclosure information regarding the employee's retirement plan can be found in the County's audited financial statements.

B. Other Postemployment Benefits (OPEB)

The Transit Fund is a fund of the County of Mariposa and as such the Transit Fund's employees are covered under the single-employer defined-benefit plan of the County of Mariposa.

The County of Mariposa provides integrated medical/prescription drug coverage through CalPERS under the Public Employees' Medical and Hospital Care Act (PEMHCA). Employees may choose from one of six medical plan options: Blue Shield HMO, Blue Shield Net Value, Kaiser, PERSChoice, PERSSelect, or PERSCare; a seventh option, PORAC, is also available to safety employees.

MARIPOSA COUNTY TRANSIT FUND
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 8: EMPLOYEE BENEFITS (CONTINUED)

B. Other Postemployment Benefits (OPEB) (Continued)

A portion of the County's postemployment benefit costs have been allocated to the Transit Fund as follows:

Net OPEB Liability at Fiscal Year Ending June 30, 2020	\$	5,328
Changes for the year:		
Service costs		8,230
Interest on total OPEB liability		3,984
Differences between expected and actual experience		535
Change in assumptions		14,702
Benefit payments, including refunds of employee contributions	(4,106)
Implicit rate subsidy fulfilled	(3)
Change in allocation		<u>115,818</u>
Net Changes		<u>139,160</u>
Net OPEB Liability at Fiscal Year Ending June 30, 2021	\$	<u>144,488</u>

Required disclosure information regarding the employee's OPEB plan can be found in the County's audited financial statements.

NOTE 9: RISK MANAGEMENT

The Transit Fund is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Transit Fund is covered under the County of Mariposa's risk management programs.

NOTE 10: OTHER INFORMATION

A. Subsequent Events

Management has evaluated events subsequent to June 30, 2020 through January 9, 2022 the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

B. Fare Revenue Ratio

The County is required by the Transportation Development Act (TDA) to maintain a fare revenue ratio to operating expenses of 10 percent or more. During the year ended June 30, 2021, the fare revenue ratio was 16.43 percent. The calculation of the fare revenue ratio for fiscal year ending June 30, 2021, is as follows:

		<u>June 30, 2021</u>
Fare Revenue	\$	<u>77,471</u>
Total Operating Expenses	\$	479,748
Allowable TDA Adjustments:		
Depreciation		(<u>8,166</u>)
Net Operating Expenses	\$	<u>471,582</u>
Fare Revenue Ratio		<u>16.43%</u>

OTHER REPORT AND SCHEDULE

- **Other Report**
- **Schedule of Prior Year Findings and Recommendations**

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

To the Mariposa County Transportation Commission
County of Mariposa
Mariposa, 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 and the applicable fiscal audit requirements of the Transportation Development Act including Public Utilities Code Section 99245 and the California Code of Regulations Title 21, Section 6664, the financial statements of the proprietary fund of the Mariposa County Transit Fund of the County of Mariposa, California (Transit Fund), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Transit Fund's basic financial statements and have issued our report thereon dated January 9, 2022.

As discussed in Note 1, the financial statements present only the County of Mariposa Transit Fund and are not intended to present fairly the financial position of the County of Mariposa, California and the changes in financial position and cash flows of its proprietary fund types in conformity with accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Transit Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Transit Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Transit Fund'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Mariposa County Transportation Commission
County of Mariposa
Mariposa, California

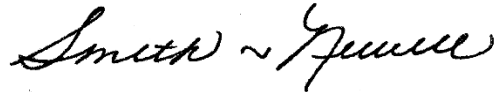
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Transit Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Additionally, we performed tests of the Transit Fund's compliance with the specific tasks identified in the California Code of Regulations Title 21, Section 6667 that are applicable to the Transit Fund. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported.

Purpose of this Report

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



Smith & Newell CPAs
Yuba City, California
January 9, 2022

MARIPOSA COUNTY TRANSIT FUND
Schedule of Prior Year Findings and Recommendations
For the Year Ended June 30, 2021

<u>Audit Reference</u>	<u>Status of Prior Year Recommendation</u>
2020-001	<p>Prior Period Adjustment</p> <p>Recommendation</p> <p>We recommend that all assets and liability of the Transit Fund be reviewed for accuracy and reported in the financial statements.</p> <p>Status</p> <p>Implemented</p>

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