EL DORADO COUNTY
TRANSPORTATION COMMISSION

Audited Financial Statements
Supplementary Information and Compliance Report

June 30, 2020

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EL DORADO COUNTY TRANSPORTATION COMMISSION

Audited Financial Statements,
Supplementary Information and Compliance Report

June 30, 2020

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

El Dorado County Transportation Commission
Placerville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the El Dorado County Transportation Commission (the Commission), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities and each major fund of the Commission as of June 30, 2020 and the respective changes in financial position, and the budgetary comparison for the General

Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the required supplementary information, as listed in the accompanying 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.

Other 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 schedule of indirect and direct expenses is presented for purposes of additional analysis and is not a required part of the financial statements.

The schedule of indirect and direct expenses 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 November 19, 2020 on our consideration of the 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 the Transportation Development Act. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Richardson & Company, LLP

November 19, 2020

This section of the El Dorado County Transportation Commission's (EDCTC) annual financial report presents a narrative overview and analysis of EDCTC's financial performance during the fiscal year ending June 30, 2020. This discussion and analysis is intended to be used in conjunction with EDCTC's financial statements and notes to the financial statements which follow this section.

EDCTC's primary objective is to administer the regional transportation planning process and implement a programming and funding strategy to address the mobility needs of El Dorado County residents and visitors. The Overall Work Program and Budget (OWP) is the primary management tool that identifies the activities and annual schedule of work for regional transportation planning for the western slope of El Dorado County. Furthermore, the Regional Transportation Plan 2020-2040 and accompanying Environmental Impact Report serve as a guiding force for transportation improvements over the 20 year period. Additional elements of the Overall Work Program continued at anticipated work levels, including: Agency Administration and Intergovernmental Coordination; Multi-Modal Transportation Planning; Project Delivery and Programming; and Public Information and Outreach.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual financial statements consist of two parts: Management's Discussion and Analysis, as presented in this section, and the basic financial statements. The Discussion and Analysis is intended to serve as an introduction to EDCTC's basic financial statements. EDCTC's basic financial statements are comprised of two components: (1) financial statements and (2) notes to the financial statements.

FINANCIAL HIGHLIGHTS OF THE GENERAL FUND

- Total Assets $ 762,059
- Total Liabilities $ 457,525
- Total Fund Balance $ 304,534
- Total Revenue $ 984,299
- Total Transfers In $ 436,945
- Total Expenditures $ 1,434,684

REQUIRED FINANCIAL STATEMENTS

EDCTC financial statements are designed to provide readers with a broad overview of EDCTC's financial performance.

Governmental Activities Financial Statements

The Statement of Net Position found on page 11 summarizes all governmental activities for EDCTC and the Special Revenue Funds. The Net Position Deficit is due to the long- term pension liability. These liabilities are planned to be funded with future funding sources that have not been identified. The detail for EDCTC (General Fund) and the Special Revenue Funds is on page 13. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. EDCTC has four Special Revenue funds:

1) Surface Transportation Block Grant Program (STBGP) Exchange Funds programmed to the City of Placerville for the Clay Street/Cedar Ravine Intersection.
2) Local Transportation Fund (LTF) – One-quarter cent retail sales tax received monthly to be used to administer the Transportation Development Act, to provide transit services, pedestrian/bicycle facilities, and funding for streets and roads in El Dorado County.
3) State Transit Assistance (STA) Fund – Sales tax collected on diesel fuel received quarterly and allocated to El Dorado County Transit Authority.
4) State of Good Repair (SGR) Fund – A portion of the Transportation Improvement Fee included in SB1, the 2017 Road Repair and Accountability Act, allocated to transit operators for eligible transit maintenance, rehabilitation and capital projects.

The Statement of Revenues, Expenditures, and Changes in Fund Balances on page 15 reports information about EDCTC's activities.

Notes to the Financial Statements

The notes to the Financial Statements provide additional information that is essential to understand the data provided. These notes can be found on pages 18 through 35 of this report.

FINANCIAL ANALYSIS OF EDCTC

The Balance Sheet and Statement of Revenues, Expenses, and Changes in Fund Balances report information about EDCTC's financial activities and financial position. EDCTC's fund balance, which portrays the difference between assets and liabilities, is one way to measure financial performance. Changes to accounting and reporting methodology and requirements are impactful to the financial reporting found herein.

Balance Sheet – General Fund

The following table compares the Balance Sheet for the General Fund at June 30, 2020 and 2019:

	2020	2019	Increase/ (Decrease)
Assets			
Cash and investments	$ 549,300	$ 497,189	$ 52,111
Due from other governments	198,510	228,064	(29,554)
Due from other funds	-	83,160	(83,160)
Prepaid expenses and other assets	3,915	3,915	-
Total Current Assets	$ 751,725	$ 812,328	$ (60,603)
Noncurrent Assets			
Restricted Cash	10,334	16,688	(6,354)
Total Noncurrent Assets	10,334	16,688	(6,354)
Total Assets	$ 762,059	$ 829,016	$ (66,957)
Liabilities			
Current Liabilities	$ 457,525	$ 511,042	$ (53,517)
Total Liabilities	457,525	511,042	(53,517)
Fund Balance			
Nonspendable	3,915	3,915	-
Unrestricted	300,619	314,059	(13,440)
Total Fund Balance	304,534	317,974	(13,440)
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 762,059	$ 829,016	$ (66,957)

Current Assets – The Due from other governments decreased $29,554 due to fewer reimbursements from grants for the fourth quarter of FY 2019/2020 billed after the end of the fiscal year. Five of the grant projects were finalized earlier in the fiscal year. Due from other funds decreased $83,160 due to the timing of the receipt of STBGP funds. The FY 2019/2020 STBGP funds were received before fiscal year end and the FY 2018/2019 STBGP funds were received after fiscal year end.

Noncurrent Assets – The restricted cash is a contribution from El Dorado County to match the El Dorado Hills Business Park Community Transportation Plan project. These funds will be used to match the grant funding for project expenditures.

Current Liabilities – Current liabilities for the fiscal year ending June 30, 2020 decreased $53,517 due to a decrease in the accrued payroll, unearned revenue and retention withheld on professional services contracts.

Statement of Revenues, Expenditures, and Changes in Fund Balance – General Fund

	2020	2019	Increase/ (Decrease)
Revenues			
State & Local Funds	$ 971,577	$ 1,131,207	$ (159,630)
Interest Income	12,722	11,411	1,311
Total Revenues	984,299	1,142,618	(158,319)
Expenditures			
Salaries and Benefits	728,884	675,201	53,683
Professional Services	586,403	690,931	(104,528)
Administrative Expenses	119,397	126,697	(7,300)
Total Expenditures	1,434,684	1,492,829	(58,145)
(Deficiency) Excess of Revenues over Expenditures	(450,385)	(350,211)	(100,174)
Other Financing Sources			
Transfers in	436,945	429,361	7,584
Total Other Financing Sources	436,945	429,361	7,584
Change in Fund Balance	(13,440)	79,150	(92,590)
Fund Balance, Beginning of Year	317,974	238,824	79,150
Fund Balance, End of Year	$ 304,534	$ 317,974	$ (13,440)

Revenues – The State and Local Funds decreased $159,630 due to less grant funded projects in FY 2019/2020. EDCTC completed most of the work on five grant projects in FY 2018/2019 and finalized the projects at the beginning of FY 2019/2020.

Expenditures - Professional services decreased due to the majority of the work on five grant projects was completed during FY 2018/19 and finalized at the beginning of FY 2019/2020.

Transfers in – The Transfers in represents the Commission's Local Transportation Fund allocation for planning and administration.

SPECIAL REVENUE FUNDS

The Surface Transportation Block Grant Program (STBGP) Fund Balance of $202,812 is programmed to the City of Placerville's Cedar Ravine Intersection project.

Refer to the separate financial statements for management's discussion and analysis on the LTF, STA and SGR Special Revenue Funds.

OVERALL WORK PROGRAM AND BUDGET

EDCTC considered many factors when developing the FY 2019/2020 budget. Considerations included funding from federal and state grants, Rural Planning Assistance Funds (RPA), State Transportation Improvement Program, Planning, Programming, and Monitoring (PPM) Funds, and the Transportation Development Act (TDA) Local Transportation Fund (LTF) apportionment. EDCTC relies primarily on federal and state grants, local programs, RPA, PPM and LTF to fund its activities. LTF funds are derived from a portion of state sales tax dollars and are allocated to EDCTC to be utilized for planning and administrative services. RPA funds are allocated to the rural Regional Transportation Planning Agencies (RTPA) and may only be used for specific planning and administrative activities within the RTPA. PPM funds are State funds that must be used for planning, programming, and monitoring activities within two years of the allocation.

The overall work program includes work elements that are grant funded. Each year, EDCTC applies for grant funding through the State of California Department of Transportation. The FY 2019/2020 OWP included eight grant funded projects:

1. Senate Bill 743 Implementation Plans - FY 2017/2018 RPA Grant
2. County Line Multi Modal Transit Center Study - FY 2017/2018 Sustainable Communities Grant
3. Coloma Sustainable Community Mobility Plan - FY 2017/2018 Sustainable Communities Grant funded with Senate Bill 1 The Road Repair and Accountability Act of 2017
4. City of Placerville and El Dorado County Active Transportation Plans - FY 2017/2018 Sustainable Communities Grant funded with Senate Bill 1 The Road Repair and Accountability Act of 2017
5. US 50 Hot Spot Study Placerville Public Engagement - FY 2017/2018 RPA Grant
6. Western El Dorado County Short and Long Range Transit Plan – FY 2018/2019 Strategic Partnerships Transit FTA 5304
7. El Dorado Hills Business Park Community Transportation Plan – FY 2018/2019 FHWA State Planning & Research
8. El Dorado County Traffic Demand Model Update to Senate Bill 743 Consistency - FY 2019/2020 RPA Grant

BUDGET (FINAL, AS AMENDED) VERSUS ACTUAL

In June 2019, EDCTC adopted the FY 2019/2020 Overall Work Program and Budget (OWP) with a budget for operating expenses of $1,634,934. EDCTC's OWP was revised during the year to reflect adjustments based on final prior fiscal year-end adjustments, additions of awarded grant funding, and revisions to the work plan. The final amendment to the FY 2019/2020 OWP was adopted in April 2020. The budget comparison and analysis is presented below:

	2019/2020 Budget Final	2019/2020 Amend. 1	2019/2020 Amend. 2	Difference between Final and Amend. 2
Operating Revenues				
TDA	$ 436,945	$ 436,945	$ 436,945	$ -
Other State and Federal	1,138,651	1,151,494	1,166,689	28,038
Other Local Funds	59,338	61,577	104,731	45,393
Total Operating Revenues	$ 1,634,934	$ 1,650,016	$ 1,708,365	$ 73,431
Operating Expenses				
Salaries and Benefits	$ 721,307	$ 718,873	$ 718,873	$ (2,434)
Professional Services	787,095	803,979	859,683	72,588
Administrative Expenses	135,064	135,213	135,434	370
Total Operating Expenses	$ 1,643,466	$ 1,658,065	$ 1,713,990	$ 70,524

The Professional Services increased in Amendment 2 due to a new federal advocacy contract that is shared with the City of Placerville, El Dorado County and El Dorado County Transit Authority. Other State and Federal revenue increased in Amendment 2 due to a State Highway Account grant for traffic modeling on the Recreation Travel US 50 Hot Spots Study Placerville Public Engagement. Other Local Funds increased in Amendment 2 due to the reimbursement from the City of Placerville, El Dorado County and El Dorado County Transit Authority for the federal advocacy contract.

ECONOMIC CONDITIONS

For FY 2020/2021, it is expected that the majority of federal, state, and local fund sources will remain constant. Contingency Fund Reserves, comprised of carryover funding, available to supplement the work program and maintain a reserve to fund unexpected future costs and/or unanticipated revenue shortfalls, will be programmed in FY 2020/2021.

EDCTC will continue employing sound fiscal management, financial planning, investment management, budgeting, and internal financial controls. EDCTC considers these priorities to be an integral responsibility of the agency.

EL DORADO COUNTY TRANSPORTATION COMMISSION SCORECARD TRENDING

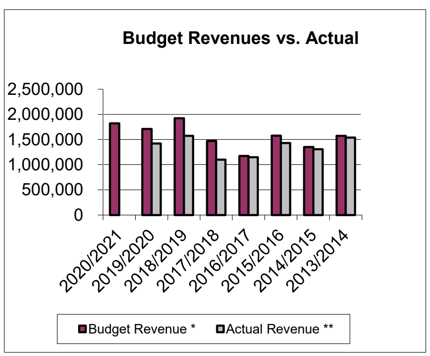
Refer to the attached scorecard trending report on page 10 which reflects the historical financial activity of the EDCTC for the actual FY 2013/2014 to budget FY 2020/2021.

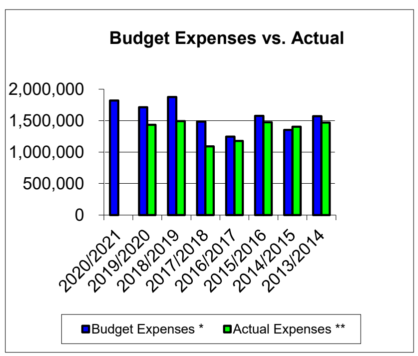
REQUEST FOR INFORMATION

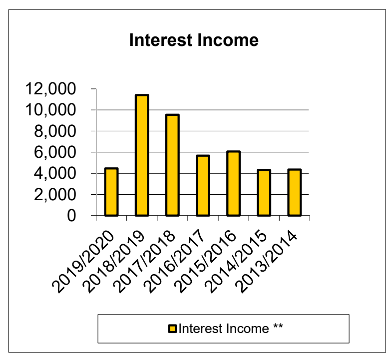
This financial report is designed to provide the reader with a general overview of EDCTC's finances and to demonstrate EDCTC's accountability for funds it receives. If you have questions about this report or need additional financial information, please contact the Administrative Services Officer, El Dorado County Transportation Commission, 2828 Easy Street, Suite 1, Placerville, California 95667.

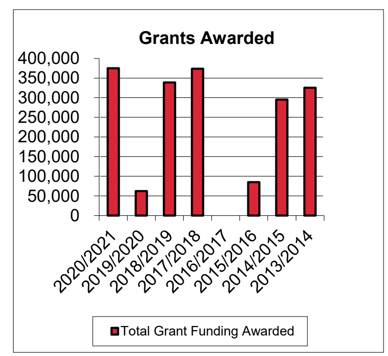
EL DORADO COUNTY TRANSPORTATION COMMISSION
SCORECARD TRENDING

** Per OWP*	**2020/2021**	**2019/2020**	**2018/2019**	**2017/2018**	**2016/2017**	**2015/2016**	**2014/2015**	**2013/2014**
***** Per Financial Statements***	**BUDGET**	**ACTUAL**	**ACTUAL**	**ACTUAL**	**ACTUAL**	**ACTUAL**	**ACTUAL**	**ACTUAL**
Does not include amounts for Contingency								
Budget Revenue *	1,820,652	1,708,365	1,924,065	1,470,480	1,171,308	1,575,094	1,352,294	1,571,626
Actual Revenue **	0	1,421,244	1,571,979	1,099,273	1,147,143	1,431,194	1,306,975	1,538,019
Budget vs. Actual Revenue		**(287,121)**	**(352,086)**	**(371,207)**	**(24,165)**	**(143,900)**	**(45,319)**	**(33,607)**
% Revenue vs. Budget		**-16.8%**	**-18.3%**	**-25.2%**	**-2.1%**	**-9.1%**	**-3.4%**	**-2.1%**
Budget Expenses *	1,820,652	1,713,990	1,875,258	1,484,567	1,245,768	1,575,094	1,352,294	1,571,626
Actual Expenses **	0	1,434,684	1,492,829	1,091,239	1,176,099	1,473,479	1,402,415	1,469,060
Budget vs. Actual Expenses		**(279,306)**	**(382,429)**	**(393,328)**	**(69,669)**	**(101,615)**	**50,121**	**(102,566)**
% Expenses vs. Budget		**-16.3%**	**-20.4%**	**-26.5%**	**-5.6%**	**-6.5%**	**3.7%**	**-6.5%**
Current Year Assets **	0	762,059	829,016	746,226	690,145	896,944	1,040,893	1,043,376
Prior Year Assets **	0	829,016	746,226	690,145	896,944	1,040,893	1,043,376	977,707
Assets Gain/Losses	**0**	**(66,957)**	**82,790**	**56,081**	**(206,799)**	**(143,949)**	**(2,483)**	**65,669**
% Change in Assets	**0.0%**	**-8.8%**	**10.0%**	**7.5%**	**-30.0%**	**-16.0%**	**-0.2%**	**6.3%**
Current Year Liabilities **	0	457,525	511,042	507,402	459,355	637,198	738,862	645,905
Prior Year Liabilities **	0	511,042	507,402	459,355	637,198	738,862	645,905	649,195
Liabilities Gain/Losses	**0**	**(53,517)**	**3,640**	**48,047**	**(177,843)**	**(101,664)**	**92,957**	**(3,290)**
% Change in Liabilities	**0.0%**	**-11.7%**	**0.7%**	**9.5%**	**-38.7%**	**-16.0%**	**12.6%**	**-0.5%**
Interest Income **	0	4,459	11,411	9,551	5,681	6,064	4,294	4,352
Total Investments/Interest	**0**	**4,459**	**11,411**	**9,551**	**5,681**	**6,064**	**4,294**	**4,352**
Grants Awarded:								
Community Based Transp Planning	0	0	0	0	0	0	0	86,500
SB1 - Road Maint/Rehab Acct (RMRA)	180,000	0	0	0	0	0	0	0
FHWA/FTA 5304	0	0	150,000	100,000	0	0	25,187	28,772
FHWA State Planning & Research	185,040	0	144,000	0	0	0	0	0
Partnership Planning	0	0	0	0	0	0	220,000	210,000
Sustainable Communities	0	0	0	0	0	85,000	0	0
SB1 - Sustainable Communities	0	0	0	230,003	0	0	0	0
State Highway Account (SHA)	0	30,000	0	0	0	0	0	0
Active Transportation Program	0	0	0	0	0	0	50,000	0
Rural Planning Assistance Grants	10,000	32,000	45,000	43,645	0	0	0	0
Total Grant Funding Awarded	**375,040**	**62,000**	**339,000**	**373,648**	**0**	**85,000**	**295,187**	**325,272**









EL DORADO COUNTY TRANSPORTATION COMMISSION

STATEMENT OF NET POSITION

June 30, 2020

	Governmental Activities
ASSETS	
Current Assets:	
Cash and investments	$ 549,300
Due from other governments	1,744,711
Prepaid expenses and other assets	3,915
Total Current Assets	2,297,926
Noncurrent Assets:	
Restricted cash and investments	1,782,164
Net other postemployment benefits asset	20,584
Capital assets depreciable, net	13,120
Total Noncurrent Assets	1,815,868
TOTAL ASSETS	4,113,794
DEFERRED OUTFLOWS OF RESOURCES	
Pension plan	162,546
Other postemployment benefits plan	4,657
TOTAL DEFERRED OUTFLOWS OF RESOURCES	167,203
LIABILITIES	
Current Liabilities:	
Accounts payable	78,283
Accrued payroll taxes and benefits	4,088
Unearned revenues	362,028
Contract retentions payable	13,126
Allocations payable to other governments	873,261
Compensated absences, due within one year	93,753
Total Current Liabilities	1,424,539
Noncurrent Liabilities:	
Compensated absences, due in more than one year	62,502
Termination benefits	51,127
Net pension liability	407,671
Total Noncurrent Liabilities	521,300
TOTAL LIABILITIES	1,945,839
DEFERRED INFLOWS OF RESOURCES	
Pension plan	18,103
Other postemployment benefits plan	4,523
TOTAL DEFERRED INFLOWS OF RESOURCES	22,626
NET POSITION	
Investment in capital assets	13,120
Restricted	2,444,770
Deficit	(145,358)
TOTAL NET POSITION	$ 2,312,532

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

EL DORADO COUNTY TRANSPORTATION COMMISSION

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

		Governmental Activities
PROGRAM EXPENSES		
Planning and administration		$ 1,506,634
Transportation claimants		7,910,403
	TOTAL PROGRAM EXPENSES	9,417,037
PROGRAM REVENUES		
Operating grants and contributions		1,790,864
	NET PROGRAM EXPENSE	(7,626,173)
GENERAL REVENUES		
State shared revenue - sales tax		7,247,202
Interest income		39,648
Other revenues		46,856
	TOTAL GENERAL REVENUES	7,333,706
	CHANGE IN NET POSITION	(292,467)
Net position, beginning of year		2,604,999
	NET POSITION, END OF YEAR	$ 2,312,532

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

EL DORADO COUNTY TRANSPORTATION COMMISSION

BALANCE SHEETS - GOVERNMENTAL FUNDS

June 30, 2020

	General Fund	Major Special Revenue Funds				
	Planning and Administration	Surface Transportation Block Grant Program Fund	Local Transportation Fund	State Transit Assistance Fund	State of Good Repair Fund	Total Governmental Funds
ASSETS						
Current Assets:						
Cash and investments	$ 549,300					$ 549,300
Due from other governments	198,510		$ 1,115,894	$ 387,308	$ 42,999	1,744,711
Prepaid costs and other assets	3,915					3,915
Total Current Assets	751,725		1,115,894	387,308	42,999	2,297,926
Noncurrent Assets:						
Restricted cash and investments	10,334	$ 202,812	1,360,064	80	208,874	1,782,164
Total Noncurrent Assets	10,334	202,812	1,360,064	80	208,874	1,782,164
TOTAL ASSETS	$ 762,059	$ 202,812	$ 2,475,958	$ 387,388	$ 251,873	$ 4,080,090
LIABILITIES						
Current Liabilities:						
Accounts payable	$ 78,283					$ 78,283
Accrued payroll taxes and benefits	4,088					4,088
Unearned revenues	362,028					362,028
Contract retentions payable	13,126					13,126
Allocations payable to other governments			$ 234,000	$ 387,388	$ 251,873	873,261
Due to other funds						
TOTAL CURRENT LIABILITIES	457,525		234,000	387,388	251,873	1,330,786
FUND BALANCE						
Nonspendable	3,915					3,915
Restricted for:						
Pedestrian and bikeway projects			359,165			359,165
Transportation projects		$ 202,812	1,382,793			1,585,605
Contingencies			500,000			500,000
Unrestricted	300,619					300,619
TOTAL FUND BALANCE	304,534	202,812	2,241,958			2,749,304
TOTAL LIABILITIES AND FUND BALANCE	$ 762,059	$ 202,812	$ 2,475,958	$ 387,388	$ 251,873	$ 4,080,090

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

EL DORADO COUNTY TRANSPORTATION COMMISSION

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEETS TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

June 30, 2020

Fund balance - governmental funds, June 30, 2020	$ 2,749,304
Amounts reported for governmental activities in the statement of net position are different from those reported in the governmental funds above because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	13,120
Pension and OPEB contributions subsequent to the valuation measurement date and other items will reduce the pension and OPEB liability in the future and are reported as deferred outflows of resources on the statement of net position.	
Pension plan	162,546
OPEB plan	4,657
Long-term assets are not recoverable in the current period and, therefore, are not reported in the governmental funds:	
Net other postemployment benefits asset	20,584
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Compensated absences	(156,255)
Termination benefits	(51,127)
Net pension liability	(407,671)
Employee pension and OPEB differences to be recognized in the future as pension and OPEB expense are reported as deferred inflows of resources on the statement of net position.	
Pension plan	(18,103)
OPEB plan	(4,523)
Net position - governmental activities, June 30, 2020	$ 2,312,532

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

EL DORADO COUNTY TRANSPORTATION COMMISSION

STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended June 30, 2020

	General Fund	Major Special Revenue Funds				
	Planning and Administration	Surface Transportation Block Grant Program Fund	Local Transportation Fund	State Transit Assistance Fund	State of Good Repair Fund	Total Governmental Funds
REVENUES:						
Sales taxes			$ 5,465,169	$ 1,532,915	$ 249,118	$ 7,247,202
State subvention allocation	$ 372,559					372,559
State transportation improvement program	92,473					92,473
Freeway Service Patrol Income	174,029					174,029
Surface Transportation Block Grant Allocation	90,291					90,291
Other intergovernmental revenues	203,632					203,632
Rural Counties Task Force dues	34,134					34,134
Interest income	4,459		31,678	756	2,755	39,648
Other	12,722					12,722
Surface Transportation Block Grant Program		$ 874,568				874,568
TOTAL REVENUES	984,299	874,568	5,496,847	1,533,671	251,873	9,141,258
EXPENDITURES:						
Salaries and benefits	728,884					728,884
Professional services	448,006					448,006
Rents, leases and building maintenance	66,212					66,212
Freeway Service Patrol	138,397					138,397
Office and other operating	14,774					14,774
Memberships and publication	8,658					8,658
Local mileage and travel	9,227					9,227
Staff development	4,160					4,160
Communications	4,585					4,585
Insurance	7,978					7,978
Transportation services			5,240,291	1,533,671	251,873	7,025,835
Road maintenance		874,568				874,568
Planning and administration			10,000			10,000
Capital outlay	3,803					3,803
TOTAL EXPENDITURES	1,434,684	874,568	5,250,291	1,533,671	251,873	9,345,087
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES	(450,385)		246,556			(203,829)
OTHER FINANCING SOURCES (USES)						
Transfers in	436,945					436,945
Transfers out			(436,945)			(436,945)
TOTAL OTHER FINANCING SOURCES (USES)	436,945		(436,945)			
NET CHANGE IN FUND BALANCE	(13,440)		(190,389)			(203,829)
Fund balance, beginning of year	317,974	202,812	2,432,347			2,953,133
FUND BALANCE, END OF YEAR	$ 304,534	$ 202,812	$ 2,241,958	$ -	$ -	$ 2,749,304

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

EL DORADO COUNTY TRANSPORTATION COMMISSION

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

Net change in fund balance - governmental funds	$ (203,829)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Capital outlay expenses	3,803
Depreciation expense	(6,189)
Changes in certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Change in compensated absences liability	(20,293)
Change in termination benefits liability	(2,434)
Change in net pension liability and related deferred inflows and outflows	(55,520)
Change in net other postemployment benefits asset and related deferred inflows and outflows	8,683
Long-term receivables are not available to pay current period expenditures and, therefore, are not recognized in the governmental funds. This amount represents revenue recognized in the governmental fund statements in 2020 that was recognized for government-wide purposes in 2019.	(16,688)
Change in net position - governmental activities	$ (292,467)

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

EL DORADO COUNTY TRANSPORTATION COMMISSION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
REVENUES:				
State subvention allocation	$ 409,132	$ 402,272	$ 372,559	$ (29,713)
State transportation improvement program	70,000	108,473	92,473	(16,000)
Freeway Service Patrol Income	182,947	180,411	174,029	(6,382)
Surface Transportation Block Grant Allocation	208,694	180,295	90,291	(90,004)
Other intergovernmental revenues	288,716	357,969	203,632	(154,337)
Rural Counties Task Force dues	36,000	38,500	34,134	(4,366)
Interest income			4,459	4,459
Other	2,500	3,500	12,722	9,222
TOTAL REVENUES	1,197,989	1,271,420	984,299	(287,121)
EXPENDITURES:				
Salaries and benefits	721,307	718,873	728,884	(10,011)
Professional services	647,095	719,683	448,006	271,677
Rents, leases and building maintenance	67,344	67,579	66,212	1,367
Freeway Service Patrol	140,000	140,000	138,397	1,603
Office and other operating	20,306	20,310	14,774	5,536
Memberships and publication	10,120	9,820	8,658	1,162
Local mileage and travel (staff and Commissioners)	16,645	17,000	9,227	7,773
Staff development	9,800	9,900	4,160	5,740
Communications	4,849	4,825	4,585	240
Insurance	6,000	6,000	7,978	(1,978)
Capital outlay			3,803	(3,803)
TOTAL EXPENDITURES	1,643,466	1,713,990	1,434,684	279,306
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES	(445,477)	(442,570)	(450,385)	(7,815)
OTHER FINANCING SOURCES				
Transfers in	436,945	436,945	436,945	
TOTAL OTHER FINANCING SOURCES	436,945	436,945	436,945	
NET CHANGE IN FUND BALANCE	(8,532)	(5,625)	(13,440)	(7,815)
Fund balance, beginning of year	317,974	317,974	317,974	
FUND BALANCE, END OF YEAR	$ 309,442	$ 312,349	$ 304,534	$ (7,815)

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the El Dorado County Transportation Commission (Commission) have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Commission's accounting policies are described below.

Description of Reporting Entity: The Commission was created pursuant to Section 29532(b) of the Government Code as a local transportation commission for the western slope of El Dorado County, excluding the portion of the County within the Tahoe Regional Planning Agency boundaries, on July 23, 1975. A Joint Exercise of Powers Agreement was signed between El Dorado County and the City of Placerville whereby the Commission would operate as a Joint Powers Agency pursuant to Section 6500 of the California Government Code and would be administratively separated from the County. The Commission's operations were separated from El Dorado County on January 1, 1994. The Commission's responsibilities include establishing rules and regulations to provide for administering transportation planning and allocating the Local Transportation Fund, State Transit Assistance Fund and State of Good Repair Fund in accordance with the applicable sections of the Government Code, Public Utilities Code and Administrative Code included within the Transportation Development Act. The Commission is also responsible for administering the regional transportation planning process, updating the Regional Transportation Plan and the Regional Transportation Improvement Program, working with the Sacramento Area Council of Governments to determine air quality conformity of transportation plans, programs and projects, administering the Freeway Service Patrol program and administering the Airport Land Use Commission of El Dorado County (the ALUC).

The Commission is composed of nine members: four appointed by the El Dorado County Board of Supervisors, three appointed by the City Council of Placerville, and two non-voting ex-officio members, one from the City of South Lake Tahoe and one from Caltrans.

The Commission has one blended component unit, the ALUC. The ALUC provides technical and advisory support on airport land use planning issues for the existing local County of El Dorado airport facilities. The ALUC is reported on a blended basis due to the governing body of the Commission serving as the governing body of the ALUC and the Commission being able to impose its will on the ALUC. The ALUC had no significant activity during the year ended June 30, 2020.

Basis of Presentation - Government-wide Financial Statements: The government-wide financial statements (i.e., the statement of net position and statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide 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 when a liability is incurred, regardless of the timing of related cash flows. Nonexchange revenues are

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

recognized when all eligibility requirements have been met. Cost reimbursement grant revenues are recognized when program expenses are incurred in accordance with program guidelines. When nonexchange revenues are received before eligibility requirements are met, they are reported as unearned revenue until earned. Sales tax revenue is recorded as revenue when the appropriation becomes effective which is in the same fiscal year as the sales taxes are collected by the State of California.

Basis of Presentation – Fund Financial Statements: The accounts of the Commission are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Each fund is established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions, or limitations. Major individual governmental funds are reported as separate columns in the fund financial statements. The Commission considers all of its Special Revenue Funds to be major funds.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers grant revenues to be available if they are collected within 180 days of the end of the current fiscal period. All other revenues are considered to be available if they are collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual basis accounting, except for compensated absences and termination benefits, which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

The Commission reports the following major governmental funds:

General Fund – The General Fund (Planning and Administration) is the general operating fund of the Commission and accounts for revenues collected to provide services and finance the fundamental operations of the Commission. The fund is charged with all costs of operations not reported in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. In its capacity as a Regional Transportation Planning Agency, the Commission is responsible for the administration of several special revenue funds which provide funding for transportation planning, transit operations, pedestrian and bicycle facilities and street and roads maintenance and improvements. The following Special Revenue Funds are considered to be major funds:

Surface Transportation Block Grant Program Fund: The Surface Transportation Block Grant Program Fund represents an apportionment under the Federal Transportation Bill whereby the Commission allocates funds to agencies for projects included in the adopted Federal Statewide Transportation Improvement Program.

Local Transportation Fund: The Local Transportation Fund represents revenues generated from a ¼ cent sales tax imposed by the State of California pursuant to the Transportation Development Act. Agencies file claims with the Commission for the monies and allocations are made for planning, transit, pedestrian, bicycle, streets and roads purposes. The Commission reviews the claims, determines the agency's eligibility to receive funds, and, upon approval, allocates the funds to the agencies.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

State Transit Assistance Fund: The State Transit Assistance (STA) Fund represents revenues earned based on a portion of the State gasoline tax. Agencies file claims with the Commission for the monies and allocations are made solely for transit related projects.

State of Good Repair Fund: The State of Good Repair (SGR) Fund represents revenue generated from a portion of the new Transportation Improvement Fee on vehicle registrations created by Senate Bill 1, the Road Repair and Accountability Act of 2017. The fee is provided by the Commission to eligible agencies under the SGR Program. SGR fees are available for capital assistance to rehabilitate and modernize existing local transportation systems, including the purchase of new vehicles and the maintenance and rehabilitation of transit facilities and vehicles.

Due from Other Governments: Due from other governments consists mainly of amounts due from state and federal agencies under grant agreements and other revenue sources. Management believes these amounts to be fully collectible and, accordingly, no allowance for doubtful accounts is required.

Capital Assets: Capital assets for governmental fund types of the Commission are not capitalized in the funds used to acquire or construct them. Capital acquisitions are reflected as expenditures in the governmental fund, and the related assets are reported in the government-wide financial statements at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. Capital assets are defined as assets with an initial cost of $1,000 or more and an estimated useful life in excess of one year. Provision is made for depreciation by the straight-line method over the estimated useful lives of these individual assets, which range from three to ten years for office furniture and equipment and fifteen years for leasehold improvements. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Unearned Revenues: Unearned revenues arise when resources are received before the Commission has legal claim to them (i.e., when grant monies are received prior to the incurrence of qualifying expenses). Unearned revenues at June 30, 2020 in the General Fund mainly consisted of State Transportation Improvement Program (STIP) revenue and Surface Transportation Block Grant Program revenue received prior to the incurrence of qualifying expenses.

Compensated Absences: The Commission's personnel policy allows employees to accumulate earned but unused vacation and sick leave, which will be paid to employees upon separation from the Commission's service, subject to a vesting policy that ranges from 20% after five years of service up to 100% after 20 years of service and a maximum of 500 hours.

The cost of vacation and sick leave is recognized in the period earned by the employee in the government-wide statements. Amounts that are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations or retirements that are currently payable, are reported as expenditures and liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available financial resources represent a reconciling item between the fund and government-wide statements. No expenditure is reported in the governmental fund financial statements for these amounts.

Fund Balance: In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned and unassigned balances.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nonspendable Funds – Fund balance should be reported as nonspendable when the amounts cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact. Nonspendable balances are not expected to be converted to cash within the next operating cycle, which include prepaid costs.

Restricted Funds – Fund balance should be reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The purpose of each restriction is listed on the face of the balance sheet.

Committed Funds – Fund balance should be reported as committed when the amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which is by resolution of the Commission. These amounts cannot be used for any other purpose unless the governing body modifies or removes the fund commitment.

Assigned Funds – Fund balance should be reported as assigned when the amounts are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned Funds – Unassigned fund balance is the residual classification of the Commission's funds and includes all spendable amounts that have not been restricted, committed, or assigned to specific purposes.

Net Position: The government-wide financial statements present net position. Net position is categorized as the net investment in capital assets, restricted, committed and unrestricted.

Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation reduces the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position of the Commission not restricted for any project or other purpose.

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. 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.

Deferred Outflows and Inflows of Resources: In addition to liabilities, the statement of net position reports separate sections for deferred outflows and deferred inflows of resources. *Deferred outflows of resources* represent a consumption of net position by the government that is applicable to a future reporting period. *Deferred inflows of resources* represent an acquisition of net position that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expense)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

or an inflow of resources (revenue) until the earning process is complete. Deferred outflows and inflows of resources represent amounts deferred related to the Commission's pension and OPEB plan as described in Notes E and F.

Pension Plan: For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to the pension plan, and pension expense, information about the fiduciary net position of the Commission's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's 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.

Other Postemployment Benefits (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

Budgetary Information: The Commissioners approve all budgeted revenues and expenditures for the General Fund. The Commission does not legally adopt annual budgets for the Surface Transportation Block Grant Program Fund, Local Transportation Fund, State Transit Assistance and State of Good Repair Special Revenue Funds. Budgeted revenues and expenditures represent the original budget, as approved by the Commissioners, and the final budget, which includes modifications of the original budget through amendments approved by either the Executive Director or the Commissioners during the year. Amendments which alter total expenditures within the General Fund require approval of the Board of Directors.

New Pronouncements: In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In June 2017, the GASB issued Statement No. 87, *Leases.* This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the lease guidance, unless specifically excluded in this Statement. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020.* This Statement addresses a number of practice issues identified during the implementation of certain GASB Statements, including 1) the effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-03, *Leases*, for interim financial statements; 2) reporting of intra-entity transfers between a primary government employer and a component unit defined benefit pension plan or defined benefit OPEB plan; 3) the applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits; 4) the applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements; 5) measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition; 6) reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; 7) reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature; and 8) terminology used to refer to derivative instruments. This Statement is applicable for items 1) and 7) above upon its issuance and is effective for the other items above for reporting periods beginning after June 15, 2020.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement addresses issues related to public-private and public-public partnership arrangements (PPPs). PPPs are arrangements in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This statement requires that PPPs that meet the definition of a lease apply guidance in Statement No. 87, *Leases*, as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of a service concession arrangement. This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of an SCA or (2) are not within the scope of Statement No. 87, as amended. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements that include an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This Statement is effective for reporting periods beginning after June 15, 2022.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement provides temporary relief to governments due to the COVID-19 pandemic by postponing the effective dates of Statements and Implementation Guides that first become effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. Effective dates of the following Statements and Implementation Guides were postponed by one year: Statements No. 83, 84 and 88 to 93 as well as Implementation Guide No's 2018-1, 2019-1 and 2019-2. Effective dates for Statement No. 87 and Implementation Guide No. 2019-3 were postponed by 18 months. The implementation dates of the Statements above were delayed by this Statement. The requirements of this Statement are effective immediately.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA). This Statement 1) defines the term SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs to a SBITA; and 4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITA are based on the standards established in Statement No. 87, *Leases*, as amended. This statement is effective for fiscal years beginning after June 15, 2022.

The Commission is currently analyzing the impact of the required implementation of these new statements.

NOTE B – CASH AND INVESTMENTS

At June 30, 2020, the Commission's pooled cash and investments are classified in the accompanying financial statements as follows:

Governmental Activities	
Cash and investments	$ 549,300
Restricted cash and investments	1,782,164
Total cash and investments	$ 2,331,464

The Commission's cash and investments as of June 30, 2020 are as follows:

Petty cash	$ 200
Bank deposits	762,246
County cash and investments pool	1,569,018
Total cash and investments	$ 2,331,464

Investment Policy: California statutes, and the Joint Exercise of Powers Agreement establishing the Commission discussed in Note A, authorize governmental agencies to invest surplus funds in a variety of credit instruments as provided in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The Commission's investment policy further limits its investments to bank deposits, including certificates of deposit, and investments in the Local Agency Investment Fund (LAIF).

NOTE B – CASH AND INVESTMENTS (Continued)

Investment in the County of El Dorado Cash and Investments Pool: A portion of the Commission's Special Revenue Funds cash and investments is invested in the County of El Dorado (the County) cash and investments pool, which is managed by the County Treasurer. On a monthly basis, the Treasurer allocates interest to participants based upon their average daily balances. Required disclosure information regarding categorization of investments and other deposit and investment risks applicable to the County's cash and investments pool may be found in the County's Comprehensive Annual Financial Report (CAFR). The County's CAFR may be obtained by contacting the County of El Dorado Auditor-Controller's Office at 360 Fair Lane, Placerville, CA.

The County's Treasury Oversight Committee oversees the Treasurer's investments and policies. The value of the pool shares in the County's cash and investments pool that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the Commission's position in the pool. Investments held in the County's cash and investments pool are available on demand, and without restrictions, and are stated at amortized cost, which approximates fair value.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2020, the weighted average maturity of the investment in the County's cash and investments pool was approximately 386 days.

Credit Risk: Generally 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 cash and investments pool does not have a rating provided by a nationally recognized statistical rating organization.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of a failure of the counter party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Custodial credit risk does not apply to a local government's indirect deposits or investment in securities through the use of governmental investment pools (such as the County's cash and investments pool).

At June 30, 2020, the carrying amount of the Commission's deposits was $762,246 and the balance in financial institutions was $762,405. Of the balance in financial institutions, $250,000 was covered by federal depository insurance and $512,405 was covered by the pledging financial institution with assets held in a common pool for the Commission and other governmental agencies, but not in the name of the Commission.

NOTE C – CAPITAL ASSETS

Capital asset activity consisted of the following for the year ended June 30, 2020:

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020
Capital assets, being depreciated:				
Leasehold improvements	$ 46,815			$ 46,815
Office furniture and equipment	72,036	$ 3,803	$ (5,557)	70,282
Total capital assets, being depreciated	118,851	3,803	(5,557)	117,097
Accumulated depreciation:				
Leasehold improvements	(37,190)	(3,121)		(40,311)
Office furniture and equipment	(66,155)	(3,068)	5,557	(63,666)
Total accumulated depreciation	(103,345)	(6,189)	5,557	(103,977)
Capital assets, net	$ 15,506	$ (2,386)	$ -	$ 13,120

Depreciation expense was $6,189 during the year ended June 30, 2020, and was allocated entirely to planning and administration.

NOTE D – LONG-TERM LIABILITIES

Long-term liability activity consisted of the following for the year ended June 30, 2020:

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Current Portion
Compensated absences	$ 135,962	$ 96,669	$ (76,376)	$ 156,255	$ 93,753
Termination benefits	48,693	2,434		51,127	
Net pension liability	366,155	41,516		407,671	
	$ 550,810	$ 140,619	$ (76,376)	$ 615,053	$ 93,753

NOTE E – PENSION PLAN

Plan Descriptions: All qualified permanent and probationary employees are eligible to participate in the Commission's cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). The Commission participates in the Miscellaneous Risk Pool and the following rate plans:

- Miscellaneous Plan
- PEPRA Miscellaneous Plan (inactive)

Benefit provisions under the Plan are established by State statute and Commission resolution. 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 at www.calpers.ca.gov.

NOTE E – PENSION PLAN (Continued)

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to Plan members, who must be public employees 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 (52 for PEPRA Miscellaneous Rate Plan) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the 1959 Survivor Benefit level 4, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Miscellaneous
Hire date	Prior to January 1, 2013
Benefit formula (at full retirement)	2.0% @ 55
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50 - 55
Monthly benefits, as a % of eligible compensation	1.43% to 2.42%
Required employee contribution rate	7.00%
Required employer contribution rate	10.221%

In addition to the contribution rates above, the Commission was also required to make a payment of $30,516 toward its unfunded actuarial liability during the year ended June 30, 2020. The Commission has no employees in the PEPRA Miscellaneous Rate Plan at June 30, 2020.

The Miscellaneous Rate Plan is closed to new members that are not already CalPERS participants.

Contributions: Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Commission is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The contributions for the Plan were $81,444 for the year ended June 30, 2020.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources: As of June 30, 2020, the Commission reported a net pension liability for its proportionate share of the net pension liability of $407,671.

The Commission's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability as of June 30, 2020 is measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions

NOTE E – PENSION PLAN (Continued)

to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The Commission's proportionate share of the net pension liability for the Plan as of June 30, 2020 and 2019 was as follows:

	Miscellaneous
Proportion - June 30, 2020	0.01018%
Proportion - June 30, 2019	0.00972%
Change - Increase (Decrease)	0.00046%

For the year ended June 30, 2020, the Commission recognized a pension expense of $136,963 for the Plan. At June 30, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 81,444	
Differences between actual and expected experience	28,314	$ (2,194)
Changes in assumptions	19,440	(6,891)
Differences between the employer's contribution and the employer's proportionate share of contributions	2,054	(1,891)
Change in employer's proportion	31,294	
Net differences between projected and actual earnings on plan investments		(7,127)
Total	$ 162,546	$ (18,103)

The amount reported as deferred outflows of resources related to contributions subsequent to the measurement date above will be recognized as a reduction of the net pension liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2021	$ 51,393
2022	3,968
2023	6,199
2024	1,439
	$ 62,999

NOTE E – PENSION PLAN (Continued)

Actuarial Assumptions: The total pension liability in the actuarial valuation for the Plan was determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate (2)	7.15%
Inflation	2.50%
Projected Salary Increase (1)	0.4% - 8.5%
Mortality	Derived using CalPERS Membership Data for all Funds

(1) Depending on age and service
(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions were developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. More details can be found in the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Discount Rate: The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS 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 discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The following table reflects the long-term expected real rate of return by asset class for the Plan. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

NOTE E – PENSION PLAN (Continued)

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100.0%		

(a) An expected inflation of 2.0% used for this period.
(b) An expected inflation of 2.92% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the Commission's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous
1% Decrease	6.15%
Net Pension Liability	$ 703,748
Current Discount Rate	7.15%
Net Pension Liability	$ 407,671
1% Increase	8.15%
Net Pension Liability	$ 163,280

Pension Plan Fiduciary Net Position: Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE F – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description: The Commission provides an agent-multiple employer defined benefit postemployment healthcare benefits plan (the Plan). Benefit provisions are established and may be amended by the Commission. Healthcare benefits are provided to eligible retirees and their dependents through the California Public Employees' Retirement System healthcare program (PEMHCA). The Plan is administered by CalPERS through the California Public Employers' Retiree Benefit Trust (CERBT) Fund. The CERBT is a tax-qualified irrevocable trust organized under Internal Revenue Code Section 115 to administer retiree healthcare benefits and collectively invest plan assets of all trust members. CERBT issues financial statements that may be obtained from the CalPERS website at www.calpers.ca.gov. The Commission's Plan does not issue publicly available financial statements.

NOTE F – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Benefits Provided: The Commission provides a retiree medical contribution for employees who retire within 120 days of separation from the Commission under CalPERS at 55 years of age and after 5 years of service. The Commission's contribution is capped at the CalPERS Minimum Employer Contribution, which was $1,650 for fiscal year 2020. Retirees may enroll in Commission sponsored medical plans and may cover dependents. The benefit continues to surviving spouses and dependents. No other benefits are offered.

Employees Covered by Benefit Terms: At June 30, 2020, the benefit terms covered the following employees:

Active employees	5

Contributions: The Commission establishes rates based on an actuarially determined rate. For the year ended June 30, 2020, the Commission's expected contribution rate was 0.20% of covered-employee payroll. Employees pay the difference between the benefit they receive and the monthly premium. During the year ended June 30, 2020, contributions to the Plan were $1,026, including implied subsidy.

Net OPEB Liability: The Commission's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions: The total OPEB liability at June 30, 2020 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.75% per year
Investment rate of return	7.82%
Discount rate	7.82%
Pre-retirement turnover	Derived using CalPERS membership data
Healthcare trend rate	6.5% in the first year, trending down to 3.84% over 57 years
Mortality rate	Derived using CalPERS membership data

Pre-retirement and post-retirement mortality rates include 20 years of projected on-going mortality improvement using scale BB published by the Society of Actuaries. The healthcare trend rates above are a change in assumptions from 7.0% trending down to 4.73% used at the June 30, 2019 measurement date.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized in the following table:

NOTE F – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Asset Class	Target Allocation	Long-term Expected Rate of Return
Global equity	57.0%	7.75%
Fixed income	27.0%	4.29%
Treasury inflation protection securities	5.0%	3.50%
Commodities	3.0%	2.84%
Real estate investment trusts	8.0%	5.75%
Total	100.0%	

Discount Rate: The discount rate used to measure the total OPEB liability was 7.82% at June 30, 2020. This is a change from the 7.59% rate used at June 30, 2019. This is the expected long-term rate of return on Commission assets using investment strategy 1 within the CERBT. The projection of cash flows used to determine the discount rate assumed that the Commission's contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was set equal to the long-term expected rate of return.

Changes in the Net OPEB Liability/(Asset)

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2019	$ 74,925	$ 104,788	$ (29,863)
Changes for the year:			
Service cost	10,671		10,671
Interest	6,458		6,458
Differences between expected and actual experience	(698)		(698)
Changes in assumptions	(2,471)		(2,471)
Contributions			
Employer - Commission's contribution			-
Employer - implicit subsidy		1,026	(1,026)
Employee			-
Net investment income		3,707	(3,707)
Benefit payments, including refunds of employee contributions			-
Implicit rate subsidy credit	(1,026)	(1,026)	-
Administrative expenses		(52)	52
Other income/(expenses)			-
Net changes	12,934	3,655	9,279
Balance at June 30, 2020	$ 87,859	$ 108,443	$ (20,584)

NOTE F – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The net OPEB liability (asset) of the Commission, as well as what the Commission's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher follows:

	1% Decrease 6.82%	Discount Rate 7.82%	1% Increase 8.82%
Net OPEB liability (asset)	$ (9,143)	$ (20,584)	$ (30,334)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The net OPEB liability (asset) of the Commission, as well as what the Commission's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates follows:

	1% Decrease 5.00% decreasing to 2.84%	Trend Rates 6.50% decreasing to 3.84%	1% Increase 7.00% decreasing to 4.84%
Net OPEB liability (asset)	$ (34,857)	$ (20,584)	$ (3,306)

OPEB Plan Fiduciary Net Position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERBT financial report at www.calpers.ca.gov.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources: For the year ended June 30, 2020, the Commission recognized an OPEB expense of $9,031. At June 30, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ 3,359	$ (607)
Changes in assumptions		(3,916)
Net differences between projected and actual earnings on plan investments	1,298	
Total	$ 4,657	$ (4,523)

NOTE F – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

Fiscal year ending June 30,	$ 4
2022	4
2023	4
2024	754
2025	(133)
Thereafter	(499)
	$ 134

Recognition of Deferred Outflows and Deferred Inflows of Resources: Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss. The net difference between projected and actual earnings on OPEB plan investments is recognized over 5 years. All other amounts are recognized over the expected average remaining service lifetime (EARSL), which was 7.7 years at June 30, 2020.

NOTE G – COMMITMENTS

Lease Commitments: The Commission leases its administrative facility and equipment under noncancellable operating leases. The Commission exercised a five-year option to renew its administrative facility lease at a 2% increase in rent effective July 1, 2018. The Commission has another five-year option to renew at a 2% increase upon expiration on June 30, 2023. The copier lease expired in February 2020, and was renewed for five years. Rent expense was $56,374 for the year ended June 30, 2020. As of June 30, 2020, future minimum lease payments under the noncancellable operating leases were as follows:

Fiscal year ending June 30,	
2021	$ 56,649
2022	56,649
2023	56,649
2024	2,445
2025	1,630
	$ 174,022

NOTE G – COMMITMENTS (Continued)

Contract Commitments: Contract commitments as of June 30, 2020 were as follows:

El Dorado Hills Business Park Transportation Plan	$ 94,716
Regional Transportation Plan Environmental Impact Report	63,732
Federal Advocacy	48,750
Hot Spot Study US 50 Placerville Public Engagement	19,883
Airport Land Use Commission	5,000
	$ 232,081

NOTE H – CONTINGENCIES

Grant Contingency: The Commission receives grant funding for specific purposes that are subject to review and audit by the granting agencies. Such audits could result in a request for reimbursement for expenditures disallowed under the terms and conditions of the contracts. Management is of the opinion that no material liabilities will result from such potential audits.

Concentration: The Commission receives a significant amount of its General Fund revenues from LTF and state subvention funds. A loss of these revenue sources would have a significant impact on the Commission's activities.

NOTE I – RISK FINANCING

The Commission is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage from coverage in the prior year.

NOTE J – TERMINATION BENEFIT ARRANGEMENT

The Commission's Executive Director has an employment agreement which includes a provision for severance pay in the event of termination. In the event of termination by the Commission, the Executive Director is entitled to severance pay equal to four month's salary from the effective date of the termination. This amount at June 30, 2020 is $51,127 and is included as a noncurrent liability on the Commission's statement of net position.

NOTE K – SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Commission's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on citizens, employees and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition or results of operations is uncertain. Possible effects could be a reduction or loss of certain funding.

REQUIRED SUPPLEMENTARY INFORMATION

EL DORADO COUNTY TRANSPORTATION COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2020

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - MISCELLANEOUS PLAN (UNAUDITED)
Last Ten Fiscal Years

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Proportion of the net pension liability	0.01018%	0.00972%	0.00976%	0.00925%	0.00912%	0.01026%
Proportionate share of the net pension liability	$ 407,671	$ 366,155	$ 384,784	$ 321,218	$ 250,082	$ 253,597
Covered payroll - measurement period	$ 496,150	$ 457,543	$ 511,113	$ 559,191	$ 515,549	$ 502,039
Proportionate share of the net pension liability as a percentage of covered payroll	82.17%	80.03%	75.28%	57.44%	48.51%	50.51%
Plan fiduciary net position as a percentage of the total pension liability	81.48%	81.58%	78.49%	78.11%	78.40%	79.82%

Notes to Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014 as they have minimal cost impact.

Changes in assumptions: The discount rate was changed from 7.50% in 2015 to 7.65% in 2016 and 2017 and 7.15% in 2018 valuations.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN - MISCELLANEOUS PLAN (UNAUDITED)
Last 10 Years

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	$ 81,444	$ 72,053	$ 61,314	$ 62,891	$ 63,092	$ 68,475
Contributions in relation to the actuarially determined contributions	(81,444)	(72,053)	(61,314)	(62,891)	(63,092)	(68,475)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll - fiscal year	$ 498,274	$ 496,150	$ 457,543	$ 511,113	$ 559,191	$ 515,549
Contributions as a percentage of covered - employee payroll	16.35%	14.52%	13.40%	12.30%	11.28%	13.28%
Notes to Schedule:						
Contribution valuation date:	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Reporting valuation date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Reporting measurement date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Methods and assumptions used to determine contribution rates:

Actuarial method	Entry age normal					
Amortization method	Level percentage of payroll, closed					
Remaining amortization period	Varies by rate plan, not more than 30 years					
Asset valuation method	Market Value					
Inflation	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	Varies by entry age and service					
Investment rate of return and discount rate	7.25%	7.375%	7.50%	7.50%	7.50%	7.50% (1)
Retirement age	50-67 years. Probabilities of retirement are based on the most recent CalPERS Experience Study.					
Mortality	Most recent CalPERS Experience Study					

Notes to Schedule:

(1) Net of administrative expenses, includes inflation.

Omitted years: Since GASB Statement No. 68 was implemented during the year ended June 30, 2015, no information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

EL DORADO COUNTY TRANSPORTATION COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2020

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)
Last Ten Fiscal Years

	2020	2019	2018
Total OPEB liability			
Service cost	$ 10,671	$ 9,098	$ 8,833
Interest	6,458	5,384	3,482
Differences between expected and actual experience	(698)	4,539	
Changes in assumptions	(2,471)	(2,388)	
Implied subsidy credit	(1,026)	(2,821)	(1,354)
Benefit payments			(537)
Net change in total OPEB liability (asset)	12,934	13,812	10,424
Total OPEB liability - beginning	74,925	61,113	50,689
Total OPEB liability - ending (a)	$ 87,859	$ 74,925	$ 61,113
Plan fiduciary net position			
Net investment income	$ 3,707	$ 10,860	$ 6,167
Contributions			
Employer - implicit subsidy	1,026		
Benefit payments			(537)
Implicit rate subsidy credit	(1,026)		
Administrative expense	(52)	(49)	(39)
Other		14,330	
Net change in plan fiduciary net position	3,655	25,141	5,591
Plan fiduciary net position - beginning of year	104,788	79,647	74,056
Plan fiduciary net position - end of year (b)	$ 108,443	$ 104,788	$ 79,647
Net OPEB liability (asset) - end of year = (a)-(b)	$ (20,584)	$ (29,863)	$ (18,534)
Plan fiduciary net position as a percentage of the total OPEB liability	123.43%	139.86%	130.33%
Covered employee payroll - measurement period	$ 509,794	$ 496,150	$ 511,113
Net OPEB asset as percentage of covered payroll	-4.04%	-6.02%	-3.63%
Notes to Schedule:			
Valuation date	June 30, 2019	June 30, 2019	July 1, 2017
Measurement period - fiscal year ended	June 30, 2020	June 30, 2019	June 30, 2017
Changes in assumptions: Discount rate changes.	7.82%	7.59%	7.00%

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

EL DORADO COUNTY TRANSPORTATION COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2020

SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN (UNAUDITED)
Last Ten Fiscal Years

	2020	2019	2018
Actuarially determined contribution - employer fiscal year	$ 1,026	$ 2,821	$ 1,354
Contributions in relation to the actuarially determined contributions	(1,026)	(2,821)	(1,354)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 509,794	$ 496,150	$ 511,113
Contributions as a percentage of covered payroll	0.20%	0.57%	0.26%

Notes to Schedule:

	2020	2019	2018
Valuation date	June 30, 2019	June 30, 2019	June 30, 2017
Measurement date	June 30, 2020	June 30, 2019	July 1, 2017
Methods and assumptions used to determine contribution rates:			
Actuarial cost method		Entry-age normal cost	
Amortization method		Level percentage of payroll	
Amortization period	18	19	20
Asset valuation method		Market value	
Inflation	2.50%	2.50%	2.50%
Healthcare cost trend rates:			
Intial rate	6.50%	7.00%	7.00%
Rate trending down to	3.84%	4.73%	3.94%
Payroll growth	2.75%	2.75%	3.00%
Discount rate	7.82%	7.59%	7.00%
Investment rate of return	7.82%	7.59%	7.00%
Mortality		Derived using CalPERS membership data	
Retirement age		Derived using CalPERS membership data	

SCHEDULE OF INVESTMENT RETURNS (UNAUDITED)

	2020	2019	2018
Annual money-weighted rate of return, net of investment expenses	3.60%	11.56%	7.00%

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

SUPPLEMENTARY INFORMATION

EL DORADO COUNTY TRANSPORTATION COMMISSION

SCHEDULE OF INDIRECT AND DIRECT EXPENSES - ACCRUAL BASIS

For the Year Ended June 30, 2020

	Direct Expenses	Indirect Expenses	Total Expenses
Salaries and benefits:			
Salaries and wages	$ 310,382	$ 120,179	$ 430,561
Fringe benefits	219,066	85,296	304,362
OPEB expense adjustment	8,005		8,005
Pension expense adjustment	55,520		55,520
Total salaries and benefits	592,973	205,475	798,448
Professional services:			
Planning	300,288		300,288
Sacramento Area Council of Governments	106,945		106,945
Freeway Service Patrol	138,397		138,397
Legal	280	2,040	2,320
Accounting		2,153	2,153
Independent auditor	19,395	13,905	33,300
Other	3,000		3,000
Total professional services	568,305	18,098	586,403
Rents, leases and building maintenance:			
Buildings		64,006	64,006
Equipment		2,206	2,206
Total rents and leases		66,212	66,212
Office and other operating:			
Office expenses - general	783	4,996	5,779
Maintenance - equipment		8,629	8,629
Postage		366	366
Total office and other operating	783	13,991	14,774
Memberships and publications:			
Memberships and dues	6,454	570	7,024
Publications and legal notices	816	818	1,634
Total memberships and publications	7,270	1,388	8,658
Other operating:			
Local mileage and travel	8,849	378	9,227
Depreciation and amortization		6,189	6,189
Staff development	1,660	2,500	4,160
Communications		4,585	4,585
Insurance		7,978	7,978
Total other operating	10,509	21,630	32,139
TOTAL OPERATING EXPENSES	$ 1,179,840	$ 326,794	$ 1,506,634

COMPLIANCE REPORTS

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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 TRANSPORTATION DEVELOPMENT ACT

El Dorado County Transportation Commission
Placerville, 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 and each major fund of the El Dorado County Transportation Commission (the Commission) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated November 19, 2020.

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 opinion 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 Commission's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our audit was further made to determine that Transportation Development Act Funds allocated and received by the Commission were expended in conformance with the applicable statutes, rules and regulations of the Transportation Development Act, Section 6661 and 6662 of the California Code of Regulations and other State regulations. The results of performing these tasks disclosed no instances of noncompliance with the applicable statutes, rules and regulations of the Transportation Development Act. 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*.

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 result 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.

Richardson & Company, LLP

November 19, 2020