

WEST COUNTY TRANSPORTATION AGENCY
SONOMA COUNTY
SANTA ROSA, CALIFORNIA

AUDITED FINANCIAL STATEMENTS & REPORTS

JUNE 30, 2022



Chavan & Associates, LLP
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**WEST COUNTY TRANSPORTATION AGENCY
SONOMA COUNTY**

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**FINANCIAL
SECTION**



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of West County Transportation Agency
Santa Rosa, California

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of CalPERS pension contributions, and schedule of CalPERS proportionate share of net pension liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing



standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The organization schedule, schedule of financial trends and analysis, and reconciliation of the Annual Financial Budget Report to the audited financial statements, as required by the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The reconciliation of the Annual Financial Budget Report to the audited financial statements 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 reconciliation of the Annual Financial Budget Report to the audited financial statements, is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The organization schedule and schedule of financial trends and analysis have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2022 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of 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 Agency's internal control over financial reporting and compliance.

C & A LLP

December 2, 2022
Morgan Hill, California

Management's Discussion and Analysis

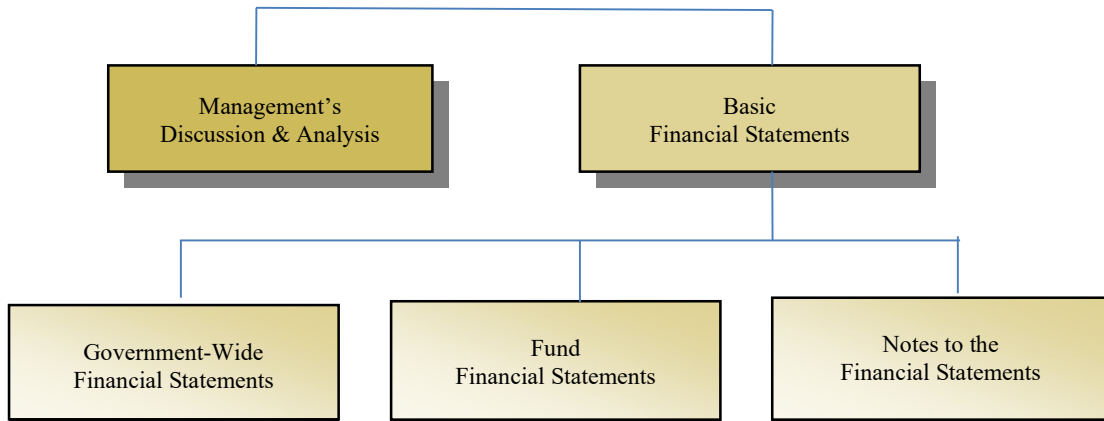
**WEST COUNTY TRANSPORTATION AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Introduction

The Management's Discussion and Analysis (MD&A) is a required section of the Agency's annual financial report, as shown in the overview below. The purpose of the MD&A is to present a discussion and analysis of the Agency's financial performance during the fiscal year that ended on June 30, 2022. This report will (1) focus on significant financial issues, (2) provide an overview of the Agency's financial activity, (3) identify changes in the Agency's financial position, (4) identify any individual fund issues or concerns, and (5) provide descriptions of significant asset and debt activity.

This information, presented in conjunction with the annual Basic Financial Statements, is intended to provide a comprehensive understanding of the Agency's operations and financial standing.

Required Components of the Annual Financial Report



Financial Highlights

Key financial highlights for 2021-2022 are as follows:

- Total net position increased by \$1,198,560 from June 30, 2021 to June 30, 2022.
- General revenues accounted for \$18,252,285 which was 99.98% of all revenues.
- The Agency had \$17,057,253 in direct program expenses.
- Total fund balance in the governmental funds decreased by \$236,538 or 3.13% from June 30, 2021 to June 30, 2022.
- The Agency maintains sufficient reserves for an Agency its size. It exceeds the State required minimum reserve for economic uncertainty of 3% of general fund expenditure, transfers out and other uses (total outgo). At June 30, 2022, the Agency had available reserves of \$2,941,978 in the General Fund, which represents a reserve of 16.48%.

**WEST COUNTY TRANSPORTATION AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Overview of the Financial Statements

The full annual financial report is a product of three separate parts: the basic financial statements, supplementary information, and this section, the Management's Discussion and Analysis. The three sections together provide a comprehensive financial overview of the Agency. The basic financials are comprised of two kinds of statements that present financial information from different perspectives, Government-wide and funds.

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the Agency's overall financial position.
- Individual parts of the Agency, which are reported as fund financial statements, focus on reporting the Agency's operations in more detail. These fund financial statements comprise the remaining statements.
- Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information section provides further explanations and provides additional support for the financial statements.

Government-wide Financial Statements - Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the Agency to provide programs and activities, the view of the Agency as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year 2021 - 2022?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting practices used by most private-sector companies. This basis of accounting takes into account all of the current year revenues and expenses regardless of when cash is received or paid.

These two statements report the Agency's net position and changes in net position. This change in net position is important because it tells the reader that, for the Agency as a whole, the financial position of the Agency has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the Agency's property tax base, current property tax laws in California restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the Agency reports governmental activities. Governmental activities are the activities where most of the Agency's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The Agency does not have any business type activities.

Reporting the Agency's Most Significant Funds

Fund Financial Statements

The analysis of the Agency's major funds begins with the Balance Sheet. Fund financial reports provide detailed information about the Agency's major funds. The Agency uses funds to account for a multitude of financial transactions. These fund financial statements focus on each of the Agency's most significant funds. The Agency's major governmental fund were the General Fund and the Special Reserve Fund for Capital Outlay Projects.

**WEST COUNTY TRANSPORTATION AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Governmental Funds

Most of the Agency's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Agency's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The Agency as a Whole

Recall that the Statement of Net Position provides the perspective of the Agency as a whole. Table 1 provides a summary of the Agency's net position as of June 30, 2022 as compared to June 30, 2021:

Table 1 - Summary of Net Position				
	2022	2021	Change	Percent
Assets				
Current and Other Assets	\$ 8,090,576	\$ 8,161,984	\$ (71,408)	-0.9%
Capital Assets	17,315,329	18,231,051	(915,722)	-5.0%
Total Assets	\$ 25,405,905	\$ 26,393,035	\$ (987,130)	-3.7%
Total Deferred Outflows of Resources				
	\$ 1,683,284	\$ 1,644,928	\$ 38,356	2.3%
Liabilities				
Current Liabilities	\$ 889,106	\$ 727,976	\$ 161,130	22.1%
Long-Term Liabilities	13,587,204	17,516,609	(3,929,405)	-22.4%
Total Liabilities	\$ 14,476,310	\$ 18,244,585	\$ (3,768,275)	-20.7%
Total Deferred Inflows of Resources				
	\$ 1,754,398	\$ 133,457	\$ 1,620,941	1214.6%
Net Position				
Net Investment in Capital Assets	\$ 10,008,970	\$ 10,159,667	\$ (150,697)	-1.5%
Unrestricted	849,511	(499,746)	1,349,257	-270.0%
Total Net Position	\$ 10,858,481	\$ 9,659,921	\$ 1,198,560	12.4%

Total assets of governmental activities decreased by \$987,130, while capital assets decreased by \$915,722 because of current year depreciation net of equipment purchases and construction additions. Unrestricted net assets of the Agency, which do not have constraints from grantors, legal requirements, or legislation, increased by \$1,349,257, mainly due to an increase in interagency revenue.

The vast majority of the Agency's capital assets consisted of school buses, which do depreciate rather quickly. Over the course of this school year, the Agency did not have all of its positions filled and the cost of fuel did not raise as significantly as budgeted, leaving a larger than expected ending fund balance.

**WEST COUNTY TRANSPORTATION AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

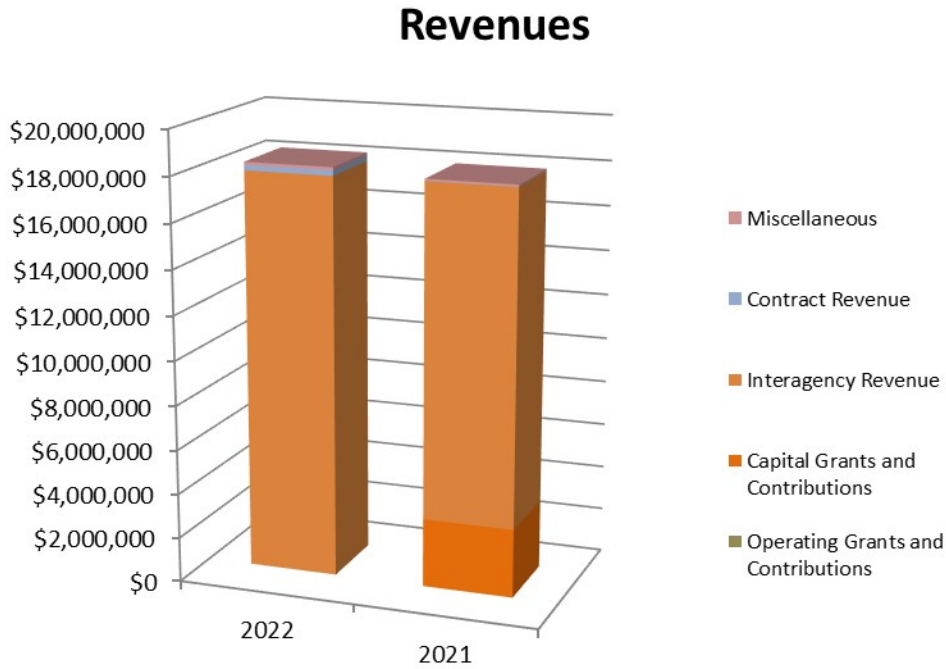
Table 2 shows the changes in net position from fiscal year 2020-2021 to 2021-2022.

Table 2 - Change in Net Position				
	2022	2021	Change	Percent
Revenues				
Program Revenues:				
Operating Grants and Contributions	\$ 3,528	\$ 3,930	\$ (402)	-11.4%
Capital Grants and Contributions	-	3,080,000	(3,080,000)	-100.0%
General Revenues:				
Interagency Revenue	17,880,430	14,836,464	3,043,966	17.0%
Contract Revenue	240,747	23,842	216,905	909.8%
Miscellaneous	131,108	71,065	60,043	84.5%
Total Revenues	18,255,813	18,015,301	240,512	1.3%
Program Expenses				
Pupil Services	16,076,036	13,287,256	2,788,780	21.0%
General Administration	296,000	297,769	(1,769)	-0.6%
Plant Services	273,700	1,510,431	(1,236,731)	-81.9%
Interest and Fiscal Charges	411,517	448,022	(36,505)	-8.1%
Total Expenses	17,057,253	15,543,478	1,513,775	9.7%
Change in Net Position	1,198,560	2,471,823	(1,273,263)	51.5%
Beginning Net Position	9,659,921	7,188,098	2,471,823	34.4%
Ending Net Position	\$ 10,858,481	\$ 9,659,921	\$ 1,198,560	12.41%

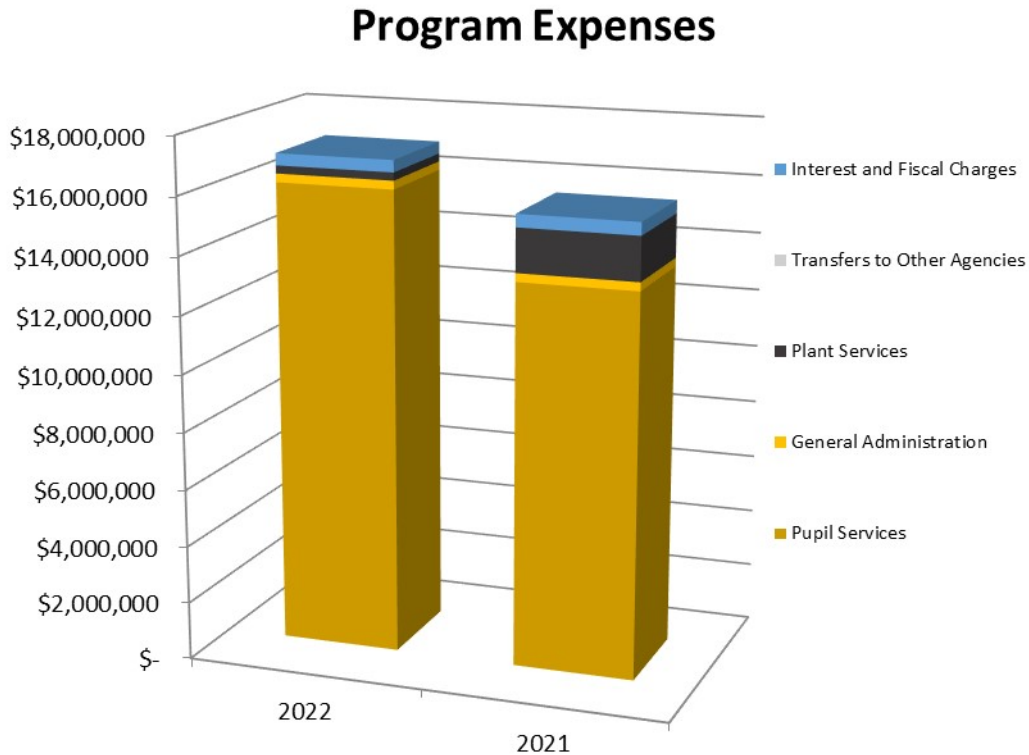
Interagency revenue comprised 98% of Agency revenues for fiscal year 2021-2022. Pupil transportation services comprised 94% of Agency expenses for fiscal year 2021-2022. School Transportation is partially funded in California's Education Budget. Funding for school transportation is reported as interagency revenue which are fees assessed to member school districts (direct assessment on members based on a formula that distributes revenue and costs to member school districts). Some additional revenue is generated by providing field trips and vehicle maintenance for other school districts and public agencies that are not members. This additional revenue helps to reduce our excess costs to members.

**WEST COUNTY TRANSPORTATION AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

The following is a summary of government wide revenues for the fiscal year ended June 30, 2022:



The following is a summary of expenses by function for the fiscal year ended June 30, 2022:



**WEST COUNTY TRANSPORTATION AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by general revenues for the Government-wide statements.

Table 3 - Net Cost of Services				
Function	2022	2021	Change	Percent
Pupil Services	\$ 16,076,021	\$ 10,203,326	\$ 5,872,695	57.56%
General Administration	296,000	297,769	(1,769)	-0.59%
Plant Services	270,187	1,510,431	(1,240,244)	-82.11%
Interest and Fiscal Charges	411,517	448,022	(36,505)	-8.15%
Total Net Cost of Services	\$ 17,053,725	\$ 12,459,548	\$ 4,594,177	36.87%

Pupil Services include the activities involved with transporting students for members and other contracted entities.

General Administration includes the costs associated with the Board of Directors, administration, fiscal and business services, and other expenses related to the financial supervision of the Agency.

Plant Services includes the operation and maintenance of grounds, buildings, and equipment.

Interest and Fiscal Charges include the payment of interest and other debt related charges of the Agency.

The Agency's Funds

Table 4 provides an analysis of the Agency's fund balances and the total change in fund balances from the prior year.

Table 4 - Changes in Fund Balances				
Funds	2022	2021	Change	Percent
General Fund	\$ 3,231,120	\$ 2,790,084	\$ 441,036	15.81%
Pupil Transportation Equipment Fund	144,220	10,133	134,087	1323.27%
Special Reserve for Capital Outlay Projects Fund	3,941,130	4,752,791	(811,661)	-17.08%
Total Governmental Fund Balances	\$ 7,316,470	\$ 7,553,008	\$ (236,538)	-3.13%

The General Fund is the primary operating fund of the Agency. The decrease in the fund balance is primarily due to bus driver positions that were unfilled and fuel costs staying lower than expected.

The Pupil Transportation Equipment Fund transferred \$730,000 this year from the general fund and was used to supplement the purchase of school buses and other motor vehicle equipment for the Agency.

The Special Reserve for Capital Outlay Projects Fund is designated for construction projects. Currently the Agency has the parking lot expansion under the ongoing construction projects.

**WEST COUNTY TRANSPORTATION AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

General Fund Budgetary Highlights

The Agency's budget is prepared according to California law and is based on the modified accrual basis of accounting. Over the course of the year, the Agency revises its budget based on updated financial information. The original budget, approved at the end of June for July 1, is based on May revised figures and updated 45 days after the State approves its final budget. In addition, the Agency revises its budget at First and Second Interim and at Year-End to reflect the most current financial information available at that point in time.

During the course of the 2021-2022 fiscal year, the Agency revised its General Fund budget three times - at 1st Interim, 2nd interim, and at Year-End, which resulted in a total increase in expenditures of \$808,552 over the 2021-2022 Adopted Budget. The overall increase in expenditures is largely due to higher than expected cost of services and supplies and the purchase of new buses during the year from grant programs.

For the General Fund, the final year-end budget basis revenue and other financing sources estimate was \$18,295,100 and the original budgeted estimate was \$18,666,015.

Capital Assets

Table 5 shows June 2022 capital asset balances net of depreciation as compared to June 2021.

Asset Classification	2022	2021	Increase (Decrease)	Percent
	Net Capital Assets	Net Capital Assets		
Land	\$ 885,000	\$ 885,000	\$ -	0.0%
Construction-in-progress	5,010,832	4,186,061	824,771	19.7%
Land Improvements	3,303,408	3,522,616	(219,208)	-6.2%
Buildings and Improvements	2,433,289	2,532,801	(99,512)	-3.9%
Equipment	5,682,800	7,104,573	(1,421,773)	-20.0%
Total Net Capital Assets	\$ 17,315,329	\$ 18,231,051	\$ (915,722)	-5.0%

Net capital assets decreased by 5.0% from fiscal year 2020-2021 to fiscal year 2021-2022 mainly due to land improvements totaling \$219,208 and equipment totaling \$1,421,773 during the year.

Long Term Debt

Table 6 summarizes the percent changes in Long-term Debt over the past two years.

Type of Debt			Increase (Decrease)	Percent
	2022	2021		
Financed Purchases	\$ 1,817,211	\$ 2,347,237	\$ (530,026)	-22.58%
Bonds payable	9,760,000	9,995,000	(235,000)	-2.35%
Net pension liability	1,788,230	5,090,154	(3,301,924)	-64.87%
Compensated absences	221,763	84,218	137,545	163.32%
Total Long-term Debt	\$ 13,587,204	\$ 17,516,609	\$ (3,929,405)	-22.43%

Capital lease obligations decreased by \$530,026 from the principal payments made on existing obligations. The Agency generally utilizes municipal (government) lease-purchase financing for buses, equipment and some construction. At the end of the term, the Agency owns the leased equipment.

**WEST COUNTY TRANSPORTATION AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

The Agency has three separate lease-purchases for building construction and several others for special education buses that have been purchased over the past several years. In the 2017 fiscal year, the Agency issued \$10.8M in revenue bonds to finance the acquisition, construction, expansion and equipping of certain transportation facilities.

Factors Bearing on the Agency's Future

At the time these financial statements were prepared and audited, the Agency was aware of several circumstances that could affect its future financial health:

For the 2021-22 school year, the approved apportionment for pupil transportation for the Agency is identical to the 2012-13 school year. School transportation funding for school districts in California is an add-on to the base grant under the LCFF. The funding is restricted to transportation use and there is a "maintenance of effort" requirement, meaning that school districts must spend at least as much as they receive in revenue. There has been no COLA for school transportation. For school transportation JPA's, legislative language allowed funding to flow to the JPA for the 2013-14 and 2014-15 fiscal years. The California Legislature required school transportation JPA's to transfer their State Revenue for pupil transportation back to its member districts. The California Department of Education required school transportation JPAs to transfer their funds to member school districts by September 30, 2015. The Agency took action in September 2015, to transfer an amount to members that would ensure preservation of the revenue. In addition, the districts would transfer the funds back to the JPA in the 2015-16 school year, and each subsequent school year in three equal amounts in the beginning of each school year.

For the 2021-2022 fiscal year, the Agency continues to be understaffed due the national school bus driver shortages. Due to these shortages, the Agency has contracted pupil transportation services, as needed, from for profit transportation providers at a premium cost to the Agency. The transitional experience since accepting Santa Rosa City Schools membership in fiscal year 2016-17 is nearly complete with exception to the special needs phasing-in of percentages of use costs. The Agency began making payments beginning in the 2017-18 fiscal year and will continue to make payments on this financing for the 30-year term.

Contacting the Agency's Financial Management

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Chad Barksdale, Executive Director, 367 West Robles Avenue, Santa Rosa, CA 95407, phone (707) 206-9988 x230.

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Basic Financial Statements

WEST COUNTY TRANSPORTATION AGENCY
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
Assets	
Current assets:	
Cash and investments	\$ 5,944,675
Accounts receivable	1,236,121
Inventory	279,442
Prepaid expenses	7,700
Total current assets	7,467,938
Noncurrent assets:	
Restricted cash and investments	622,638
Capital assets:	
Non-depreciable	5,895,832
Depreciable - net accumulated depreciation	11,419,497
Total noncurrent assets	17,937,967
Total Assets	\$ 25,405,905
Deferred Outflows of Resources	
Pension adjustments	\$ 1,683,284
Total Deferred Outflows of Resources	\$ 1,683,284
Liabilities	
Current liabilities:	
Accounts payable	\$ 774,106
Interest payable	115,000
Total current liabilities	889,106
Long-term liabilities:	
Due within one year	986,947
Due after one year	12,600,257
Total long-term liabilities	13,587,204
Total Liabilities	\$ 14,476,310
Deferred Inflows of Resources	
Pension adjustments	\$ 1,754,398
Total Deferred Inflows of Resources	\$ 1,754,398
Net Position	
Net Investment in Capital Assets	\$ 10,008,970
Unrestricted	849,511
Total Net Position	\$ 10,858,481

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

**WEST COUNTY TRANSPORTATION AGENCY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Expenses	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Pupil services:				
Home-to-school transportation	\$ 16,076,036	\$ 15	\$ -	\$ (16,076,021)
General administration:				
All other general administration	296,000	-	-	(296,000)
Plant services	273,700	3,513	-	(270,187)
Interest and fiscal charges	411,517	-	-	(411,517)
Total governmental activities	\$ 17,057,253	\$ 3,528	\$ -	(17,053,725)
General revenues:				
Interagency revenue				17,880,430
Contract revenue				240,747
Interest and investment earnings				47,866
Miscellaneous				146,357
Special item - loss on disposal of capital assets				(63,115)
Total general revenues and special item				18,252,285
Change in net position				1,198,560
Net position beginning				9,659,921
Net position ending				\$ 10,858,481

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

**WEST COUNTY TRANSPORTATION AGENCY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General Fund	Special Reserve for Capital Outlay Projects Fund	Pupil Transportation Equipment Fund	Total Governmental Funds
Assets				
Cash and investments	\$ 2,184,897	\$ 4,238,196	\$ 144,220	\$ 6,567,313
Accounts receivable	1,236,121	-	-	1,236,121
Inventory	279,442	-	-	279,442
Prepaid expenses	7,700	-	-	7,700
Total Assets	\$ 3,708,160	\$ 4,238,196	\$ 144,220	\$ 8,090,576
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 477,040	\$ 297,066	\$ -	\$ 774,106
Total Liabilities	477,040	297,066	-	774,106
Fund balances:				
Nonspendable:				
Revolving cash	2,000	-	-	2,000
Prepaid expenses	7,700	-	-	7,700
Inventory	279,442	-	-	279,442
Restricted for:				
Debt service	-	622,638	-	622,638
Capital projects	-	3,648,215	-	3,648,215
Committed for:				
Transportation programs	-	481,938	144,220	626,158
Unassigned	2,941,978	(811,661)	-	2,130,317
Total Fund Balances	3,231,120	3,941,130	144,220	7,316,470
Total Liabilities and Fund Balances	\$ 3,708,160	\$ 4,238,196	\$ 144,220	\$ 8,090,576

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

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

Total fund balances - governmental funds		\$ 7,316,470
Capital assets for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of these assets is \$34,929,539 and the accumulated depreciation is \$16,698,488.		17,315,329
The differences from pension plan assumptions, experience and estimates in actuarial valuations are not included in the plan's actuarial study until the next fiscal year and are reported as deferred inflows of resources in the Statement of Net Position.		(71,114)
Unmatured interest on long-term debt is accrued and expensed in the government-wide financial statements, but is recorded when paid in the governmental fund statements.		(115,000)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Capital leases payable	\$ 1,817,212	
Bond payable	9,760,000	
Net pension liability	1,788,230	
Compensated absences	221,762	
		(13,587,204)
Total net position - governmental activities		\$ 10,858,481

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

**WEST COUNTY TRANSPORTATION AGENCY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	General Fund	Special Reserve for Capital Outlay Projects Fund	Pupil Transportation Equipment Fund	Total Governmental Funds
Revenues:				
Interagency revenue	\$ 17,880,430	\$ -	\$ -	\$ 17,880,430
Other local	414,670	22,962	866	438,498
Total revenues	18,295,100	22,962	866	18,318,928
Expenditures:				
Pupil services:				
Home-to-school transportation	15,386,322	-	596,779	15,983,101
General administration:				
All other general administration	283,500	-	-	283,500
Plant services	273,700	-	-	273,700
Facility acquisition and construction	-	834,623	-	834,623
Debt service:				
Principal on long-term debt	765,025	-	-	765,025
Interest on long-term debt	415,517	-	-	415,517
Total expenditures	17,124,064	834,623	596,779	18,555,466
Excess (deficiency) of revenues over (under) expenditures	1,171,036	(811,661)	(595,913)	(236,538)
Other financing sources (uses):				
Transfers in	-	-	730,000	730,000
Transfers out	(730,000)	-	-	(730,000)
Total other financing sources (uses)	(730,000)	-	730,000	-
Net changes in fund balances	441,036	(811,661)	134,087	(236,538)
Fund balances beginning	2,790,084	4,752,791	10,133	7,553,008
Fund balances ending	\$ 3,231,120	\$ 3,941,130	\$ 144,220	\$ 7,316,470

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Total net change in fund balances - governmental funds		\$ (236,538)
Capital outlay is reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions to capital assets was more than depreciation expense in the period.		(852,607)
Governmental funds do not report gains and losses on disposal of capital assets. However, in the government-wide Statement of Activities, the cost of dispose of capital assets net any proceeds is accounted for as a special item.		(63,115)
In governmental funds, actual contributions to pension plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year pension expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.		1,719,339
The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. The net effect of these differences in the treatment of long-term debt and related items is as follows:		
Repayment of capital leases payable	\$ 530,025	
Repayment of bond principal	<u>235,000</u>	765,025
Unmatured interest on long-term debt is accrued and expensed in the government-wide financial statements, but is recorded when paid in the governmental fund statements.		4,000
In the statement of activities, compensated absences are measured by the amount earned during the year. In governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially the amounts paid). This year amounts earned were greater than compensation used.		<u>(137,544)</u>
Changes in net position of governmental activities		<u>\$ 1,198,560</u>

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

**WEST COUNTY TRANSPORTATION AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Principles

The West County Transportation Agency (the Agency) accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*. The accounting policies of the Agency conform to accounting principles generally accepted in the United States of America as prescribed by the U.S. Governmental Accounting Standards Board ("GASB") and the American Institute of Certified Public Accountants ("AICPA").

B. Reporting Entity

The Agency is the level of government primarily accountable for activities related to public education. The Board is appointed by each member district and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. The Agency's combined financial statements include the accounts of all its operations. The Agency evaluated whether any other entity should be included in these financial statements. The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit's reporting entity for general purpose financial reports is the ability of the governmental unit's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one governmental unit is dependent on another and that the dependent unit should be reported as part of the other. Oversight responsibility is derived from the governmental unit's power and includes, but is not limited to:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Accordingly, for the year ended June 30, 2022, the Agency does not have any component units and is not a component unit of any other reporting entity.

C. Basis of Presentation

Government-Wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the Agency. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to

**WEST COUNTY TRANSPORTATION AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Agency's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The Agency does not allocate indirect expenses to functions in the Statement of Activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Agency, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Agency.

Fund Financial Statements:

Fund financial statements report detailed information about the Agency. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows, current liabilities and deferred inflows are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Agency, "available" means collectible within the current period or within 365 days after year-end.

Non-exchange transactions, in which the Agency receives value *without* directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the Agency must provide local resources to be used for a specific purpose; and expenditure

**WEST COUNTY TRANSPORTATION AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

requirements, in which the resources are provided to the Agency on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred Outflows/Deferred Inflows:

A deferred outflow of resources is defined as a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. A deferred inflow of resources is defined as an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time.

Deferred outflows and inflows of resources are reported for the changes related to pensions from the implementation of GASB Statement No. 68. In addition, when an asset is recorded in governmental fund financial statements but the revenue is not available, a deferred inflow of resources is reported until such time as the revenue becomes available.

Unearned Revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred inflows from unearned revenue. In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows from unavailable resources.

Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, than unrestricted resources as they are needed.

E. Fund Accounting

The accounts of the Agency are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. Agency resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The Agency's accounts are organized into major and nonmajor funds as follows:

Major Governmental Funds:

The *General Fund* is the general operating fund of the Agency. It is used to account for all financial resources except for those required to be accounted for in another fund.

**WEST COUNTY TRANSPORTATION AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

The *Special Reserve Fund for Capital Outlay Projects* exists primarily to account for major repairs of buildings and operational systems, construction or remodeling, new or replacement equipment, and any other qualifying capital outlay expenditures.

The *Pupil Transportation Fund* is used to account for revenues and expenditures associated with major repairs or replacement of the Agency's pupil transportation equipment. This fund's major revenue comes from local resources.

F. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the Agency's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The Agency's governing board satisfied these requirements.

These budgets are revised by the Agency's governing board and Agency superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets for the General Fund are presented as Required Supplementary Information.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The Agency employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

G. Accounting Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimated.

H. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated by June 30 of each fiscal year.

I. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Agency's California Public Employees' Retirement System (CalPERS) (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.

**WEST COUNTY TRANSPORTATION AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined time frames. For this period, the following time frames were used:

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Measurement Period	July 1, 2015 to June 30, 2016

J. Assets, Liabilities, and Equity

1. Cash and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

In accordance with *Education Code* Section 41001, the Agency maintains substantially all of its cash in the County Treasury. The county pools these funds with those of other local education agencies in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by California *Government Code* Section 53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

2. Fair Value Measurements

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction.

In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

**WEST COUNTY TRANSPORTATION AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

3. Prepaid Expenditures

The Agency has the option of reporting expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The Agency has chosen to report the expenditure when paid

4. Inventory

Inventories are recorded using the purchases method, in that inventory acquisitions are initially charged as expenditures when acquired. The inventory (asset) account is adjusted to the physical count at year-end. Reported inventories are equally offset as a nonspendable fund balance, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of current assets.

5. Capital Assets

Capital assets are those purchased or acquired with an original cost of \$5,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred.

Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings and improvements	20 - 50
Building improvements	20
Equipment and vehicles	5 - 20

6. Compensated Absences

All vacation pay plus related payroll tax is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Accumulated sick leave benefits are not recognized as liabilities of the Agency. The Agency's policy is to record sick leave as an operating expense in the period taken, since such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires. Expenditures related to compensated absences are accounted for in the fund in which the related salaries are recorded.

7. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts as well as issuance costs are deferred and amortized over the life of the bonds using the effective-interest method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as prepaid expenditures and amortized over the term of the related debt.

**WEST COUNTY TRANSPORTATION AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts are reported as other financing sources/uses.

8. Fund Balance Classifications

The Agency is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The Agency' minimum fund balance policy requires a reserve for economic uncertainties, consisting of unassigned amounts, ranging from zero to 4.55 percent of general fund operating expenditures and other financing uses.

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Agency classifies governmental fund balances as follows:

- Non-spendable includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. Committed fund balances are imposed by the Agency's board of education.
- Assigned includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Executive Director.
- Unassigned includes positive fund balance within the general fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The Agency uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Agency would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The Agency's board did not take action to commit fund balance amounts as of June 30, 2022.

9. Net Position

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. In addition, deferred outflows of resources and

**WEST COUNTY TRANSPORTATION AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Agency or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The Agency applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Capital Projects restrictions will be used for the acquisition and construction of capital facilities.

Debt Service restrictions reflect the cash balances in the debt service funds that are restricted for debt service payments by debt covenants.

Transportation program restrictions reflect the cash balances in the Pupil Transportation Equipment Fund that are restricted for transportation equipment repairs, maintenance and replacement.

Unrestricted net position reflect amounts that are not subject to any donor-imposed restrictions. This class also includes restricted gifts whose donor-imposed restrictions were met during the fiscal year. A deficit unrestricted net position may result when significant cash balances restricted for capital projects exist. Once the projects are completed, the restriction on these assets are released and converted to capital assets.

10. Risk Management

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency has joined together with other local education agencies in the County to form the Redwood Empire School's Insurance Group (RESIG) public entity risk pools currently operating as common risk management and insurance programs. The Agency pays an annual premium for workers' compensation, property and liability insurance, and employee health benefits for its members. The Joint Powers Agreements provide that RESIG will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of self-insured levels.

11. Implemented Accounting and Reporting Changes

The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. 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. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. 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, thereby enhancing the relevance and consistency of information about governments' leasing activities.

As of June 30, 2022, the Agency did not have any material contracts required to be reported as leases under GASB 87.

**WEST COUNTY TRANSPORTATION AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

K. Upcoming Accounting and Reporting Changes

The District is currently analyzing its accounting practices to determine the potential impact on the financial statements of the following recent GASB Statements:

GASB Statement No. 91, Conduit Debt Obligations

The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement also clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitment and voluntary commitments extended by issuers and arrangements associated with the debt obligations; and improving required note disclosures. The requirements of this Statement were initially to be effective for financial statements for periods beginning after December 15, 2020 but have been delayed to periods beginning after December 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged.

GASB Statement No. 94, Public-Private Partnerships and Public-Public Partnerships and Availability Payment Arrangements

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement 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. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is 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. The requirements of this Statement are to be effective for financial statements for periods beginning after June 15, 2022. Earlier application is encouraged.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements

GASB 96 provides guidance on accounting for Subscription-Based Information Technology Arrangements (SBITA) where the government contracts for the right to use another party's software. The standards for SBITAs are based on the standards established in GASB Statement No. 87, *Leases*. GASB 96 is effective for fiscal years beginning after June 15, 2022.

**WEST COUNTY TRANSPORTATION AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

GASB Statement No. 99, *Omnibus 2022*

Omnibus statements are issued by GASB to address practice issues identified after other standards have been approved for implementation. Omnibus statements “clear up the loose ends” for recent prior statements GASB has issued. This Omnibus addresses recent pronouncements, including GASB 87 – Leases, GASB 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and GASB 96 – *Subscription-Based Information Technology Arrangements*.

Effective Date: The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Earlier application is encouraged and is permitted by topic.

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 101, *Compensated Absences*

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through

**WEST COUNTY TRANSPORTATION AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

NOTE 2 - CASH AND INVESTMENTS

The following is a summary of cash and investments as of June 30, 2022:

Description	Available for		Total	Fair Value
	Operations	Restricted		
<i>Government-Wide Statements:</i>				
Cash in county treasury investment pool	\$ 5,942,674	\$ -	\$ 5,942,674	\$ 5,738,246
Cash in revolving fund	2,000	-	2,000	2,000
Cash with fiscal agent	-	622,638	622,638	622,638
Total Cash and Investments	<u>\$ 5,944,674</u>	<u>\$ 622,638</u>	<u>\$ 6,567,312</u>	<u>\$ 6,362,884</u>

Cash on Hand, in Banks and in Revolving Fund

As of June 30, 2022, the bank balances of the Agency’s deposit accounts totaled \$265,887. The Federal Depository Insurance Corporation (FDIC) covers up to \$250,000 per bank. The Agency’s bank balances are not fully insured.

Cash in County Treasury

The Agency is considered to be an involuntary participant in an external investment pool as the Agency is required to maintain substantially all of its cash with the County Treasurer in accordance with Education Code Section 41001. The fair value of the Agency’s investment in the pool is reported in the accounting financial statements at amounts based upon the Agency’s pro rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.

**WEST COUNTY TRANSPORTATION AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

Investments in the Sonoma County Treasury Investment Pool are not measured using input levels because the Agency’s transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

Policies and Practices

The Agency is authorized under California Government Code Section 53635 to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of

**WEST COUNTY TRANSPORTATION AGENCY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

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 the changes in market interest rates. The Agency manages its exposure to interest rate risk by investing in the County Treasury. The Agency maintains cash with the Sonoma County Investment Pool. The pool has a fair value of approximately \$3.098 billion and an amortized book value of \$3.125 billion. The average maturity of the pool was 749 days with no derivative products.

Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment with the Sonoma County Investment Pool is governed by the County’s general investment policy. The investment with the Sonoma County Investment Pool is rated at least Baa1 by Moody’s Investor Service.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Agency’s deposits may not be returned to it. The Agency does not have a policy for custodial credit risk for deposits. However, 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 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

Concentration of Credit Risk

The investment policy of the Agency contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government code. Agency investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2022, consist of the following:

Receivables by Resource	General Fund
Due from member agencies	\$ 1,236,121
Total Accounts Receivable	\$ 1,236,121

NOTE 4 - INTERFUND TRANSACTIONS

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

**WEST COUNTY TRANSPORTATION AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Interfund Receivables/Payables (Due From/Due To)

As of June 30, 2022, there were no interfund payables and receivables.

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. \$730,000 was transferred from the general fund to the pupil transportation equipment fund during the fiscal year ended June 30, 2022.

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

Capital assets consisted of the following as of June 30, 2022:

Capital Assets	Balance			Balance	
	June 30, 2021	Additions	Transfers	Deletions	June 30, 2022
Land - not depreciable	\$ 885,000	\$ -	\$ -	\$ -	\$ 885,000
Work-in-progress - not depreciable	4,186,061	824,771	-	-	5,010,832
Land improvements	4,384,157	-	-	-	4,384,157
Buildings	4,130,618	-	-	-	4,130,618
Equipment	21,343,703	575,027	-	(950,377)	20,968,353
Total capital assets	34,929,539	1,399,798	-	(950,377)	35,378,960
Less accumulated depreciation for:					
Land improvements	861,541	219,208	-	-	1,080,749
Buildings	1,597,817	99,512	-	-	1,697,329
Equipment	14,239,130	1,933,685	-	(887,262)	15,285,553
Total accumulated depreciation	16,698,488	2,252,405	-	(887,262)	18,063,631
Total capital assets - net depreciation	\$ 18,231,051	\$ (852,607)	\$ -	\$ (63,115)	\$ 17,315,329

Depreciation expense was charged to government activities as follows:

Home-to-school transportation	\$ 2,239,905
All other general administration	12,500
Total depreciation expense	\$ 2,252,405

NOTE 6 - SCHEDULE OF CHANGES IN LONG-TERM LIABILITIES

The following is a schedule of changes in long-term liabilities for the year ended June 30, 2022:

Description	Balance		Adjustments/ Deletions	Balance		Due Within One Year
	June 30, 2021	Additions		June 30, 2022		
Financed Purchases	\$ 2,347,237	\$ -	\$ 530,025	\$ 1,817,212	\$ 687,266	
Bonds payable	9,995,000	-	235,000	9,760,000	245,000	
Net pension liability	5,090,154	3,378,194	6,680,118	1,788,230	-	
Compensated absences	84,218	203,628	66,083	221,763	54,681	
Total Long-term Liabilities	\$ 17,516,609	\$ 3,581,822	\$ 7,511,226	\$ 13,587,205	\$ 986,947	

**WEST COUNTY TRANSPORTATION AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 7 – FINANCED PURCHASES

The Agency leases equipment and vehicles under agreements that provide for title to pass upon expiration of the lease period. Future minimum lease payments are as follows:

For the Fiscal Year Ended June 30,	Principal	Interest	Total
2023	440,181	35,829	476,010
2024	449,465	26,545	476,010
2025-2026	927,566	24,452	952,018
Total Debt Service	\$ 1,817,212	\$ 86,826	\$ 1,904,038

The Agency will receive no sublease rental revenues nor pay any contingent rentals for these leased assets.

NOTE 8 - REVENUE BONDS

In April 2017, the Agency issued \$10,835,000 in revenue bonds with interest rates of 2.0-4.0% to finance the acquisition, construction, expansion and equipping of certain transportation facilities in the County of Sonoma, California. The net proceeds of \$10,835,000 (after payment of \$176,086 in underwriting fees and other issuance costs) included \$618,000 which was deposited into the Reserve Fund for the Bonds. The Bonds are special obligations of the Agency payable solely from Revenues consisting generally of Service Payments to be made by the Agency's school Agency members to the Agency and payments made by non-member school Agencies for contracted services, together with amounts on deposit in certain funds and accounts held under the Indenture. No other funds of the Agency are pledged to or available for payment of the principal of or interest on the Bonds.

As of June 30, 2022, the annual debt service requirements of the Agency's revenue bonds are as follows:

For the Fiscal Year Ended June 30,	Principal	Interest	Total
2023	255,000	362,444	617,444
2024	265,000	352,244	617,244
2025	275,000	341,644	616,644
2026	285,000	330,644	615,644
2027-2031	1,575,000	1,500,780	3,075,780
2032-2036	1,870,000	1,209,881	3,079,881
2037-2041	1,770,000	927,200	2,697,200
2042-2046	3,220,000	462,200	3,682,200
2047-2048	-	68,200	68,200
Total Debt Service	\$ 9,760,000	\$ 5,927,482	\$ 15,687,482

NOTE 9 - JOINT VENTURES (JOINT POWERS AGREEMENTS)

The Agency participates in a JPA with RESIG. A board consisting of a representative from each member Agency governs this JPA. The governing board controls the operation of the JPA independent of any influence by the Agency beyond the Agency's representation on the governing board. The JPA is independently accountable for its fiscal matters. Budgets are not subject to any approval other than that of the governing board. Member Agencies share surpluses and deficits proportionately to their participation. The relationship between the Agency and the JPA is such that the JPA is not a component unit of the

**WEST COUNTY TRANSPORTATION AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Agency for financial reporting purposes. The JPA's most recent financial statement information can be found at <https://resig.org/about/annual-audits-and-reports/>.

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS

General Information about the Pension Plans

Plan Description - All qualified permanent and probationary employees are eligible to participate in the Agency's Miscellaneous Employee Pension Plan (the Plan), a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and Agency 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.

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 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law.

The Plan provisions and benefits in effect at June 30, 2022, are summarized as follows:

	Miscellaneous	
	Tier 1	PEPRA
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a % of eligible compensation	2.0% to 2.5%	2.00%
Required employee contribution rates	7.000%	6.750%
Required employer contribution rates	10.880%	6.842%

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 for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Agency is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2022, the Agency's contributions were as follows:

Miscellaneous	\$ 1,006,904
Total Employer Contributions	<u>\$ 1,006,904</u>

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

**WEST COUNTY TRANSPORTATION AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

As of June 30, 2022, the Agency reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)	
Miscellaneous	<u>\$</u>	<u>1,788,230</u>

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

The Agency's proportionate share of the net pension liability for the Plan as of measurement dates, June 30, 2021 and 2022 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Combined Plans</u>
Proportion - June 30, 2021	0.12067%	0.00000%	0.04678%
Proportion - June 30, 2022	0.09418%	0.00000%	0.03306%
Change - Increase/(Decrease)	<u>-0.02650%</u>	<u>0.00000%</u>	<u>-0.01372%</u>

For the year ended June 30, 2022, the Agency recognized pension credit of \$1,719,339. At June 30, 2022, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ -	\$ -
Differences between Expected and Actual Experience	200,531	-
Differences between Projected and Actual Investment Earnings	-	1,561,030
Differences between Employer's Contributions and Proportionate Share of Contributions	2,638	193,368
Change in Employer's Proportion	473,211	-
Pension Contributions Made Subsequent to Measurement Date	1,006,904	-
Total	<u>\$ 1,683,284</u>	<u>\$ 1,754,398</u>

**WEST COUNTY TRANSPORTATION AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

The Agency reported \$1,006,904 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources
2023	\$ (142,664)
2024	(209,573)
2025	(294,392)
2026	(431,389)
2027	-
Thereafter	-
Total	\$ (1,078,018)

Actuarial Assumptions - The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	(1)
Investment Rate of Return	7.15% (2)
Mortality	(3)

- (1) Varies by entry age and service
- (2) Net of pension plan investment expenses, including inflation
- (3) Derived using CalPERS' membership data for all funds

Discount Rate - The discount rate used to measure the total pension liability was 7.15 percent 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 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to

**WEST COUNTY TRANSPORTATION AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.15 percent investment return assumption used in this accounting valuation is net of administrative expenses.

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

Asset Class (a)	Assumed		
	Asset Allocation	Real Return Years 1 - 10 (b)(d)	Real Return Years 11+ (c)(d)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

- (a) In the System's ACFR, Fixed Income is included in Global Debt Securities; Liquidity Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
- (b) An expected inflation of 2.0% used for this period.
- (c) An expected inflation of 2.92% used for this period.
- (d) Figures are based on the previous ALM of 2017.

**WEST COUNTY TRANSPORTATION AGENCY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

-The following presents the Agency's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Agency'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	Safety
1% Decrease	6.15%	6.15%
Net Pension Liability \$	5,730,283	-
Current	7.15%	7.15%
Net Pension Liability \$	1,788,230	-
1% Increase	8.15%	8.15%
Net Pension Liability \$	(1,470,609)	-

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

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Federal and State Allowances, Award, and Grants

The Agency has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. If the review or audit discloses exceptions, the Agency may incur a liability to grantor agencies.

Contingent Liabilities

The Agency is at risk to be a defendant in various lawsuits which arise in the normal course of business. Management is of the opinion that the ultimate outcome of such matters will not have a significant effect on the financial position of the Agency.

Operating Leases

In December of 2017, the Agency signed an operating lease for a warehouse and yard in Santa Rosa at a base rent of \$9,000 per month for three years. Total rent expense during the year was \$180,052.

NOTE 12 - CONCENTRATIONS

The Agency's primary source of revenue is contributions from participating Sonoma County School Agencies. The Agency operates in a heavily regulated environment and is subject to administrative directives, and rules and regulations of federal, state and local regulatory agencies and governing boards. Additionally, the Agency is dependent on the continued participation of the member Agencies. The Agency could potentially be negatively impacted by changes in state funding or changes to other rules and regulations affecting the transportation industry.

**WEST COUNTY TRANSPORTATION AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 13 - COVID-19 PANDEMIC IMPACT

In December 2019, a novel strain of coronavirus surfaced (COVID-19 or CV19) and spread around the world, with resulting business and social disruption. The operations and business results of the Agency could be materially and adversely affected in the future, including a reduction in the level of funding and potential impacts from the timing of cash flows. In addition, significant estimates may be materially and adversely impacted by national, state and local events designed to contain the coronavirus. Debt ratings for outstanding issuances may further be impacted. For the 2021-2022 fiscal year, the Agency will continue to monitor the impact CV19 has on the national and local economy in an effort to anticipate any potentially negative impact it may have on the Agency. As of the date of issuance of these financial statements, the Agency had not suffered a material adverse impact from the CV19 Crisis. However, the future impact of the CV19 Crisis cannot be reasonably estimated.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

WEST COUNTY TRANSPORTATION AGENCY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual (GAAP Basis)	Variance with Final Budget Positive - (Negative)
	Adopted	Final		
Revenues:				
Interagency revenue	\$ 18,052,085	\$ 17,900,224	\$ 17,880,430	\$ (19,794)
Other local	613,930	538,594	414,670	(123,924)
Total revenues	18,666,015	18,438,818	18,295,100	(143,718)
Expenditures:				
Classified salaries	8,404,449	7,866,915	7,854,869	12,046
Employee benefits	7,473,900	4,164,755	4,159,003	5,752
Books and supplies	1,510,783	1,930,655	1,744,739	185,916
Services and other operating expenditures	2,081,983	2,153,726	2,144,173	9,553
Capital outlay	165,000	60,292	40,738	19,554
Debt service:				
Principal	1,045,200	786,895	765,025	21,870
Interest	502,300	432,300	415,517	16,783
Total expenditures	21,183,615	17,395,538	17,124,064	271,474
Excess (deficiency) of revenues over (under) expenditures	(2,517,600)	1,043,280	1,171,036	127,756
Other financing sources (uses):				
Transfers out	(10,000)	(730,000)	(730,000)	-
Total other financing sources (uses)	(10,000)	(730,000)	(730,000)	-
Net change in fund balance	\$ (2,527,600)	\$ 313,280	\$ 441,036	\$ 127,756
Fund balance beginning			2,790,084	
Fund balance ending			\$ 3,231,120	

The budgetary control level is by object on the modified accrual basis per U.S. GAAP. Expenditures can not legally exceed appropriations by major object. Any excesses were not in accordance with Education Code 42600.

**WEST COUNTY TRANSPORTATION AGENCY
SCHEDULE OF CALPERS PENSION PLAN CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Miscellaneous Plan								
Plan Measurement Date	2014	2015	2016	2017	2018	2019	2020	2021
Fiscal Year Ended	2015	2016	2017	2018	2019	2020	2021	2022
Contractually Required Contributions	\$ 489,350	\$ 521,009	\$ 703,085	\$ 748,749	\$ 850,086	\$ 864,466	\$ 924,591	\$ 1,006,904
Contributions in Relation to Contractually Required Contributions	489,350	521,009	703,085	748,749	850,086	864,466	924,591	1,006,904
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 4,461,508	\$ 4,747,407	\$ 6,387,614	\$ 6,585,169	\$ 6,788,834	\$ 7,229,192	\$ 6,725,540	\$ 7,017,584
Contributions as a % of Covered Payroll	10.97%	10.97%	11.01%	11.37%	12.52%	11.96%	13.75%	14.35%

Notes to Schedule:

Valuation Date: June 30, 2020

Assumptions Used: Entry Age Method used for Actuarial Cost Method
 Level Percentage of Payroll and Direct Rate Smoothing
 3.8 Years Remaining Amortization Period
 Inflation Assumed at 2.50%
 Investment Rate of Returns set at 7.00%
 CalPERS mortality table based on CalPERS' experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.

Fiscal year 2015 was the first year of implementation, therefore only eight years are shown.

The CalPERS discount rate was increased from 7.50% to 7.65% in fiscal year 2016, and then to 7.15% in 2018.

The CalPERS mortality assumptions was adjusted in fiscal year 2019.

**WEST COUNTY TRANSPORTATION AGENCY
SCHEDULE OF PERS PROPORTIONATE SHARE
OF NET PENSION LIABILITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Miscellaneous and Safety Plan

Plan Measurement Date	2014	2015	2016	2017	2018	2019	2020	2021
Fiscal Year Ended	2015	2016	2017	2018	2019	2020	2021	2022
Proportion of Net Pension Liability (Safety and Misc)	0.03937%	0.04292%	0.04077%	0.04043%	0.03997%	0.04018%	0.04034%	0.03306%
Proportion of Net Pension Liability (Misc Plan Only)	0.09911%	0.10739%	0.10155%	0.10171%	0.10219%	0.10283%	0.10406%	0.09418%
Proportionate Share of Net Pension Liability	\$ 2,449,513	\$ 2,946,171	\$ 3,527,582	\$ 4,009,560	\$ 3,851,205	\$ 4,117,728	\$ 4,389,375	\$ 1,788,230
Covered Payroll	\$ 2,023,677	\$ 4,461,508	\$ 4,747,407	\$ 6,387,614	\$ 6,585,169	\$ 6,788,834	\$ 7,229,192	\$ 6,725,540
Proportionate Share of NPL as a % of Covered Payroll	121.04%	66.04%	74.31%	62.77%	58.48%	60.65%	60.72%	26.59%
Plan's Fiduciary Net Position as a % of the TPL	81.15%	81.57%	77.89%	77.57%	81.52%	81.54%	81.42%	94.01%

Fiscal year 2015 was the first year of implementation, therefore only eight years are shown.
The CalPERS discount rate was increased from 7.50% to 7.65% in fiscal year 2016, and then to 7.15% in 2018.
The CalPERS mortality assumptions was adjusted in fiscal year 2019.

**SUPPLEMENTARY
INFORMATION**

**WEST COUNTY TRANSPORTATION AGENCY
ORGANIZATION (UNAUDITED)
JUNE 30, 2022**

The West County Transportation Agency was established in 1988 under a joint power agreement for the purpose of providing transportation to students enrolled in the member school Agencies. In addition, the Agency provides fixed route service, field trip service and vehicle maintenance service under contract to other local school Agencies.

Governing Board

Name	Office	School Agency
Ms. Dana Pedersen	President	Guerneville
Mr. Matthew Morgan	Vice President	Harmony Union
Ms. Linda Irving	Secretary-Treasurer	Sebastopol Union
Mr. David Alexander	Director	Bellevue Union
Ms. Alexis Cala	Director	Bennett Valley Union
Mr. John Bartolome	Director	Cotati-Rohnert Park Unified
Ms. Renée Semik	Director	Forestville Union
Mr. David Rose	Director	Gravenstein Union
Mr. Adam Schaible	Director	Wright Elementary
Ms. Anna Maria Guzman	Director	Twin Hills Union
Mr. Ron Calloway	Director	Mark West Union
Ms. Laurie Mason	Director	Montgomery Elementary
Ms. Amber Stringfellow	Director	Oak Grove Union
Mr. Steve Charbonneau	Director	Piner-Olivet Union
Mr. Hector Rico	Director	Roseland
Mr. Rick Edson	Director	Santa Rosa City Schools
Mr. Toni Beal	Director	West Sonoma County Union

Administration

Mr. Chad Barksdale, Executive Director

Address of Administrative Offices

367 West Robles Avenue
Santa Rosa, California 95407

**WEST COUNTY TRANSPORTATION AGENCY
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	(Budget ¹)			
	2023	2022	2021	2020
<u>General Fund</u>				
Revenues and other financial sources	\$ 19,995,723	\$ 18,295,100	\$ 18,065,376	\$ 18,119,388
Expenditures	19,985,723	17,124,064	18,441,132	18,822,141
Other uses and transfers (out)	10,000	730,000	10,000	10,000
Total outgo	19,995,723	17,854,064	18,451,132	18,832,141
Change in fund balance	\$ -	\$ 441,036	\$ (385,756)	\$ (712,753)
Ending fund balance	\$ 3,231,120	\$ 3,231,120	\$ 2,790,084	\$ 3,175,840
Available reserves ²	\$ 1,779,375	\$ 2,941,978	\$ 2,459,644	\$ 2,704,251
Assigned for economic uncertainties	\$ -	\$ -	\$ -	\$ -
Unassigned fund balance	\$ 1,779,375	\$ 2,941,978	\$ 2,459,644	\$ 2,704,251
Available reserves as a percentage of total outgo	8.90%	16.48%	13.33%	14.36%
Total long-term debt	\$ 12,600,257	\$ 13,587,204	\$ 17,516,609	\$ 18,420,816

The fund balance in the general fund has increased by \$55,280 over the past three years. For a Agency this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, other uses (total outgo).

The Agency has operated at a surplus in two of the past three years. Total liabilities has decreased by \$4,833,612 over the past three years.

¹ Budget numbers are based on the first adopted budget of the fiscal year 2022/23.

² Available reserves consists of all unassigned fund balances in the general fund, which includes amounts set aside for economic uncertainties.

**WEST COUNTY TRANSPORTATION AGENCY
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
TO THE AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	General Fund	Special Reserve for Capital Outlay Projects Fund	Pupil Transportation Equipment Fund
June 30, 2022 Annual Financial and Budget Report Fund Balances	\$ 3,231,120	\$ 3,941,130	\$ 144,220
Adjustments to reconcile audited financials: None	-	-	-
June 30, 2022 Audited Financial Statements Fund Balances	\$ 3,231,120	\$ 3,941,130	\$ 144,220

**WEST COUNTY TRANSPORTATION AGENCY
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 - PURPOSE OF SCHEDULES

A. Schedule of Financial Trends and Analysis

This schedule discloses the Agency's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the Agency's ability to continue as a going concern for a reasonable period of time.

B. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds as reported in the annual financial and budget report to the audited financial statements.

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**OTHER INDEPENDENT
AUDITOR'S REPORT**



**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***

Board of Directors
West County Transportation Agency
Santa Rosa, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West County Transportation Agency (the Agency) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated December 6, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

C & A LLP

December 2, 2022
Morgan Hill, California

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**FINDINGS AND
RECOMMENDATIONS**

**WEST COUNTY TRANSPORTATION AGENCY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiencies identified not considered to be material weaknesses?

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Section II - Financial Statement Findings

No findings noted.

Section III - Federal Award Findings and Questioned Costs

No findings noted.

Section IV - State Award Findings and Questioned Costs

No findings noted.

**WEST COUNTY TRANSPORTATION AGENCY
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Section II - Financial Statement Findings

No findings noted.

Section III - Federal Award Findings and Questioned Costs

No findings noted.

Section IV - State Award Findings and Questioned Costs

No findings noted.