SHASTA REGIONAL TRANSPORTATION AGENCY

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2021

Prepared by Jessica Carlson
Chief Fiscal Officer

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Financial Section
June 30, 2021

Shasta Regional Transportation Agency

Independent Auditor's Report

Board of Directors
Shasta Regional Transportation Agency
Redding, California

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities and each major fund of the Shasta Regional Transportation Agency (Agency) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

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

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

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

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle
As discussed in Note 12 to the financial statements, the Agency changed how it accounts for its net other postemployment benefits liability, which has resulted in a restatement to beginning net position as of July 1, 2020.

Error Correction
Also, as discussed in Note 12, the Agency also corrected for an error related to how it classifies unearned revenues and reconciling items for its bank reconciliation process. Accordingly, a restatement has been made to the net position and fund balance of the Governmental Activities, General Fund, Local Transportation Fund, and State Transit Assistance Fund as of July 1, 2020, to correct the errors. Our opinions are not modified with respect to these matters.

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 schedule for the general fund and each major special revenue fund, schedule of the Agency's proportionate share of the net pension liability, schedule of pension contributions, schedule of changes in net other postemployment benefits and related ratios, and schedule of other postemployment benefits (OPEB) contributions, 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.

Other 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 schedule of allocations and disbursements, schedule of cost allocation plan reconciliation and indirect cost rate carryover, and the schedule of cost allocation plan reconciliation and indirect cost allocation carryover are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedule of allocations and disbursements, schedule of cost allocation plan reconciliation and indirect cost rate carryover, and schedule of cost allocation plan reconciliation and indirect cost allocation carryover are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report July 8, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering of the Agency's internal control over financial reporting and compliance.

Eide Bailly LLP

Sacramento, California
July 8, 2022

As management of the Agency, we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented herein, in conjunction with the rest of the report.

Financial Highlights

- The assets and deferred outflows of resources of the Agency exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $10,648,494 (net position). Of this amount, $8,922,893 represents amounts restricted for transportation projects and programs.
- The Agency's total net position increased by $3,111,100 because the total revenues exceeded the total expenses by the amount including a restatement for the correction of various errors.
- At the close of the fiscal year, the Agency's combined fund balances had increased to $9,310,109 in comparison with the prior year amount of $6,375,772 (as restated).
- At the end of the current fiscal year, unrestricted fund balance for the general fund was $387,216.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business. *The statement of net position* presents financial information on all of the Agency's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating. *The statement of activities* presents information showing how the Agency's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods. Both of the government-wide financial statements can be found on pages 9-11 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Agency maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures.

- **Local Planning Fund** – The Planning Fund is the general operating fund of the Agency and accounts for the revenues collected to provide services and finance the fundamental operations of the Agency. The major revenue sources for this fund are local transportation funds and federal and state planning grants. Expenditures are made for administration, as well as local and regional planning projects.

- The **Local Transportation Fund** is used to account for Transportation Development Act revenues, which are claimed by local agencies for pedestrian and bike facilities, transit services, and streets and roads.

- The **State Transit Assistance Fund** is used to account for Transportation Development Act revenues, which are claimed by local agencies for transit and transportation planning purposes.

The Agency adopts an annual appropriated budget for all its funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 12-15 of this report.

At June 30, 2021, the Agency's governmental funds reported total fund balance of $9,310,109 which included an increase of $2,934,337 due to operations as well as an increase of $853,970 due to restatements in comparison with the prior fiscal year's total ending fund balance.

Notes to the Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 16 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the Agency's budgetary comparison schedules, schedule of the proportionate share of the net pension liability, schedule of pension contributions, schedule of the other postemployment benefits (OPEB) and related ratios and the schedule of OPEB contributions. Required supplementary information can be found on pages 41-50 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the Agency, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $10,667,977 for the fiscal year 2020-2021.

	Governmental Activities		Change	
	2021	2020	$	%
Current and other assets	$ 14,391,967	$ 11,395,522	$ 2,996,445	26.3%
Capital assets	2,084,542	1,735,063	349,479	20.1%
Total assets	16,476,509	13,130,585	3,345,924	25.5%
Deferred outflows of resources	349,753	288,415	61,338	21.3%
Long-term liabilities	963,908	920,323	43,585	4.7%
Other liabilities	5,179,374	4,960,556	218,818	4.4%
Total liabilities	6,143,282	5,880,879	262,403	4.5%
Deferred inflows of resources	34,486	727	33,759	4643.6%
Net position:				
Net investment in capital assets	1,441,058	1,037,022	404,036	39.0%
Restricted	8,922,893	6,704,654	2,218,239	33.1%
Unrestricted	284,543	(204,282)	488,825	-239.3%
Total net position	$ 10,648,494	$ 7,537,394	$ 3,111,100	41.3%

Overall, capital asset experienced an increase of $349,479 from prior fiscal year due to purchase of equipment and furniture in the amount of $479,012 net with depreciation of assets in the amount of $147,533.

During the fiscal year, the Agency's increase in net position was $3,111,100. This increase is due to a rise of sales taxes contribution to higher local transportation assistance and state transportation assistance.

The following table demonstrates the changes in Agency's net position for the year ended June 30, 2021 and 2020:

	Governmental Activities		Change	
	2021	2020	$	%
Revenues:				
Program revenues:				
Charges for services	$ -	$ 7,500	(7,500)	-100.0%
Operating grants and contributions	17,921,583	16,067,430	1,854,153	11.5%
General revenue:				
Investment earnings	52,031	100,402	(48,371)	-48.2%
Total revenues	17,973,614	16,175,332	1,798,282	11.1%
Expenses:				
Transportation planning & administration	4,316,152	6,262,902	(1,946,750)	-31.1%
Local transportation assistance	11,349,227	8,815,647	2,533,580	28.7%
Interest expense	19,583	21,196	(1,613)	-7.6%
Total expenses	15,684,962	15,099,745	585,217	3.9%
Increase (decrease) in net position	2,288,652	1,075,587	1,213,065	112.8%
Net position - beginning of year, restated	8,359,842	6,461,807	1,898,035	29.4%
Net position - end of year	$ 10,648,494	$ 7,537,394	3,111,100	41.3%

As noted earlier, the Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the Agency's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Agency's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of Agency's net resources available for spending at the end of the fiscal year.

During the current fiscal year, the Agency's Local Planning Fund balance increased by $1,453,826

General Planning Fund Budgetary Highlights

There were three adjustments in the Local Planning Fund budget due to grants. Adopted appropriations were sufficient to cover all general fund operations during the fiscal year.

Capital Assets and Long-Term Obligations

Capital assets and long-term debt are shown in the table below.

The Agency's capital assets as of June 30, 2021, amounts to $2,084,542, net of accumulated depreciation. Capital assets includes office equipment, furniture, software, and a building.

	Governmental Activities		Change	
	2021	2020	$	%
Land	$ 235,000	$ 235,000	$ -	0.0%
Building	1,686,448	1,285,523	400,925	31.2%
Improvements	2,291	2,757	(466)	-16.9%
Equipment and furniture	160,803	211,783	(50,980)	-24.1%
Total capital assets	$ 2,084,542	$ 1,735,063	349,479	20.1%

Additional information on Agency's capital assets can be found in Note 5 on page 26 of this report.

As of June 30, 2021. the Agency's debt totaled $643,484, a decrease of $54,557 from the prior year. The reason of the decrease was a payment made on the capital leases for the purchase of the building.

	Governmental Activities		Change	
	2021	2020	$	%
Capital leases	$ 643,484	$ 698,041	(54,557)	-7.8%

Economic Factors and Next Fiscal Year's Budgets and Rates

The revenue and expenditure projections incorporated into the fiscal year 2021-22 budget are based upon historical data with inflationary increases; revenue estimates for grants and sales tax revenues provided by outside agencies such as the State Department of Transportation and the County Auditor's Office; and adjustments to expenditures to reflect the various stages of ongoing and new projects that the Agency will undertake in the coming year.

A priority of the Agency is to continue its longstanding policies of prudent fiscal management while ensuring long-term financial stability.

Requests for Information

This financial report is designed to provide a general overview of the Agency's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Agency's Chief Fiscal Officer at 1255 East Street, Suite 202, Redding, California 96001.

	Governmental Activities
Assets	
Current assets	
Cash	$ 12,159,978
Accounts receivable	1,000
Due from other governments	2,227,319
Other assets	3,670
Total current assets	14,391,967
Noncurrent assets	
Capital assets not being depreciated	235,000
Capital assets, net of depreciation	1,849,542
Total noncurrent assets	2,084,542
Total assets	16,476,509
Deferred Outflows of Resources	
Deferred outflows related to pensions	187,979
Deferred outflows related to other postemployment benefits	161,774
Total deferred outflows of resources	349,753
Liabilities	
Current liabilities	
Accounts payable & accrued liabilities	561,137
Deposits	5,500
Unearned revenues	4,515,221
Interest payable	4,794
Current portion of noncurrent liabilities	92,722
Total current liabilities	5,179,374
Noncurrent liabilities	
Compensated absences, net of current portion	83,777
Lease payable, net of current portion	587,301
Net pension liability	43,253
Net other postemployment benefits liability	249,577
Total noncurrent liabilities	963,908
Total liabilities	6,143,282

		Governmental Activities
Deferred Inflows of Resources		
Deferred inflows related to pensions	$	4,773
Deferred inflows related to other postemployment benefits		29,713
Total deferred inflows of resources		34,486
Net Position		
Net investment in capital assets		1,441,058
Restricted for transportation projects and programs		8,922,893
Unrestricted net position		284,543
Total Net Position	$	10,648,494

Functions/Programs	Expenses	Program Revenues: Operating Grants and Contributions	Total Program Revenues	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities				
Transportation planning and administration	$ 4,316,152	$ 5,118,187	$ 5,118,187	$ 802,035
Local transportation assistance	11,349,227	12,803,396	12,803,396	1,454,169
Interest expense	19,583	-	-	(19,583)
Total governmental activities	$ 15,684,962	$ 17,921,583	$ 17,921,583	2,236,621

General revenues	
Use of money and property	52,031
Total general revenues	52,031
Change in Net Position	2,288,652
Net Position at Beginning of Year, as previously reported	7,537,394
Restatement (see Note 12 for details)	822,448
Net Position at Beginning of Year, as restated	8,359,842
Net Position at End of Year	$ 10,648,494

		Special Revenue Funds		
	Local Planning Fund (General Fund)	Local Transportation Fund	State Transit Assistance Fund	Total Governmental Funds
ASSETS				
Cash	$ 4,878,731	$ 6,646,698	$ 634,549	$ 12,159,978
Accounts Receivable	1,000	-	-	1,000
Due from other governments	236,524	1,918,262	72,533	2,227,319
Due from other funds	25,851	-	-	25,851
Other assets	3,191	479	-	3,670
Advances to other funds	-	171,967	-	171,967
Total assets	$ 5,145,297	$ 8,737,406	$ 707,082	$ 14,589,785
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 493,421	$ 67,716	$ -	$ 561,137
Deposits	5,500	-	-	5,500
Unearned revenues	4,087,193	428,028	-	4,515,221
Due to other funds	-	25,851	-	25,851
Advances from other funds	171,967	-	-	171,967
Total liabilities	4,758,081	521,595	-	5,279,676
Fund Balances:				
Restricted for highways, transit and non-motorized	-	8,215,811	707,082	8,922,893
Unassigned	387,216	-	-	387,216
Total fund balances	387,216	8,215,811	707,082	9,310,109
Total liabilities and fund balances	$ 5,145,297	$ 8,737,406	$ 707,082	$ 14,589,785

Amounts reported for governmental activities in the statement of net position are different because:

Fund balances of governmental funds		$ 9,310,109
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		2,084,542
Net pension liabilities and the related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period or not available for current expenditures, and therefore, are not reported in the governmental fund financial statements:		
Pension related deferred outflows of resources		187,979
Net pension liability		(43,253)
Pension related deferred inflows of resources		(4,773)
Net other postemployment benefits ("OPEB") liabilities and the related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period or not available for current expenditures, and therefore, are not reported in the governmental fund financial statements:		
OPEB related deferred outflows of resources		161,774
Net OPEB liability		(249,577)
OPEB related deferred inflows of resources		(29,713)
Interest on long-term liabilities are not due and payable in the current period, and therefore, are not reported in the governmental funds.		(4,794)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Capital leases	$ (643,484)	
Compensated absences	(120,316)	(763,800)
Net position of governmental activities		$ 10,648,494

	Local Planning Fund (General Fund)	Special Revenue Funds: Local Transportation Fund	Special Revenue Funds: State Transit Assistance Fund	Total Governmental Funds
Revenues:				
Sales tax	$ -	$ 10,478,300	$ 1,463,911	$ 11,942,211
Intergovernmental:				
Federal Highway Administration	1,539,020	79,670	-	1,618,690
Federal Transit Administration	171,105	-	-	171,105
RSTP exchange fund	3,028,138	-	-	3,028,138
Planning, Programming and Monitoring	417,947	-	-	417,947
TDA Administration	5,451	781,515	-	786,966
SB1	146,074	-	-	146,074
State Highway Account	431,487	-	-	431,487
Low Carbon Transit Operations Program	284,831	-	-	284,831
State of Good Repair	103,222		-	103,222
Use of money and property	31,382	17,982	2,666	52,030
Other revenue	371	-	-	371
Total revenues	6,159,028	11,357,467	1,466,577	18,983,072
Expenditures:				
Current:				
Planning and administration	4,131,021	1,380,876	133	5,512,030
Transportation programs:				
Street and Roads	-	6,551,693	-	6,551,693
Transit	-	1,729,144	1,442,382	3,171,526
Non-Motorized	-	241,928	-	241,928
Capital outlay	497,012	-	-	497,012
Debt service:				
Principal retirement	54,557	-	-	54,557
Interest	19,989	-	-	19,989
Total expenditures	4,702,579	9,903,641	1,442,515	16,048,735
Net change in fund balance	1,456,449	1,453,826	24,062	2,934,337
Fund Balances:				
Beginning of year, as previously reported	(173,392)	5,067,692	627,502	5,521,802
Restatement	(895,841)	1,694,293	55,518	853,970
Beginning of year, as restated	(1,069,233)	6,761,985	683,020	6,375,772
End of year	$ 387,216	$ 8,215,811	$ 707,082	$ 9,310,109

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances of governmental funds	$	2,934,337
Revenues in the Statement of Activities that do not provide current financial resources are not reported as resources in the governmental funds.		(1,009,460)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The net effect of the capital transaction is presented below:		
Capital outlay		497,012
Depreciation		(147,533)
Changes in compensated absences do not use current financial resources and, therefore are not reported as an expenditure in governmental funds.		(37,182)
Pension expense, net of reporting contributions made after measurement date		(29,371)
OPEB expense		25,886
Payments on a capital lease represent use of current financial resource in the governmental funds; therefore, not reported as a expense in the statement of activities.		54,557
Changes in interest do not use current financial resources; therefore, are not reported as an expenditure in the governmental funds.		406
Change in net position of governmental activities	$	2,288,652

Note 1 - Reporting Entity and Significant Accounting Policies

A. Reporting Entity

The Shasta Regional Transportation Agency ("Agency") was designated as the Shasta County Metropolitan Planning Organization ("MPO") by the Governor of California in 1981.

In 1981, the Agency, the City of Redding, the Redding Area Bus Authority ("RABA"), the City of Anderson, the County of Shasta (the "County"), and Caltrans approved a Memorandum of Understanding outlining legal foundations of the MPO, the planning process, the obligations and responsibilities, the organization makeup, and the funding process.

The Agency is responsible for the development and adoption of transportation policy; review and coordination of transportation planning; a Regional Transportation Plan; and a Regional and Federal Transportation Improvement Program. These planning activities enable the local jurisdictions within the County of Shasta to qualify for a variety of state and federal funding for transportation projects and facilities.

B. Measurement Focus & Basis of Accounting

The Agency's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board (GASB) is the acknowledged standard-setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

Government-wide statements: The *statement of net position* and the *statement of activities* display information about the primary government. These financial statements are presented on an "*economic resources"* measurement focus and the accrual basis of accounting. Accordingly, all of the Agency's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying statement of net position.

The statement of activities presents the changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of the related cash flows. The statement of activities presents a comparison between direct expenses and program revenues for each function of the Agency's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements: Governmental fund financial statements include a *balance sheet* and a *statement of revenues, expenditures and changes in fund balances*. An accompanying reconciliation explains the differences in net position as presented in these statements to the net position presented in the government-wide financial statements as well as the differences between the changes in fund balance as presented in the fund statements and the changes in net position as presented in the statement of activities.

The governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, current liabilities, and deferred inflows of resources related to unavailable revenues are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except for that revenues subject to accrual (generally 60 days after year-end) are recognized when measurable and available. The primary revenue sources, which have been treated as susceptible to accrual by the Agency, are sales tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Revenues from grants and other contributions are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required 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 requirements, in which the resources are provided to the Agency on a reimbursement basis.

Unavailable revenues arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the government has a legal claim to the resources, the unavailable and unearned revenues are removed from the balance sheet and revenues are recognized.

The Agency’s major governmental funds are required to be identified and presented separately in the fund financial statements. Major funds are defined as funds that have either assets, liabilities and deferred inflows, revenues or expenditures equal to ten percent of their fund-type total. The general fund is always a major fund. All other funds are reported as special revenue funds. The Agency reported the following major governmental funds in the accompanying financial statements:

Local Planning (General) Fund is the general operating fund of the Agency and accounts for the revenues collected to provide services and finance the fundamental operations of the Agency. The major revenue sources for this fund are local transportation funds and federal and state planning grants. Expenditures are made for administration, as well as local and regional planning projects.

Local Transportation Special Revenue Fund is used to account for Transportation Development Act (TDA) revenues, which are claimed by local agencies for pedestrian and bike facilities, transit services, and streets and roads.

State Transit Assistance Special Revenue Fund is used to account for TDA revenues, which are claimed by local agencies for transit and transportation planning purposes.

C. Cash and investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition.

D. Capital Assets

Capital assets include general office equipment, furniture and real estate. Capital assets are defined by the Agency as assets with an initial, individual cost of more than $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital asset improvements are recorded as assets.

Capital assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

Office equipment and furniture	5 years
Building and building improvements	15-40 years

E. Unearned Revenues

Unearned revenues are reported for resources received before the eligibility requirements are met (excluding time requirements).

F. Compensated Absences

Vested or accumulated vacation and sick leave that is expected to be liquidated with expendable available resources is reported as an expenditure and related fund liability of the governmental fund responsible for payment. Amounts of vested or accumulated vacation and sick leave and benefits that are not expected to be liquidated with expendable available resources are reported in the non-current portion of the obligations reported in the government-wide statement of net position with corresponding changes in account balances reported as expenses in the statement of activities.

Vacation accruals for non-management employees may not exceed fifty-two (52) times the employee's bi-weekly accrual rate. Management employees may not exceed seventy-eight (78) times the employee's bi-weekly accrual rate. There is no limit on the accrual of sick leave. Upon termination, other than discharge, an employee shall be entitled to payment of a percentage of accumulated sick leaves based on the number of years of service.

G. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangement outstanding at the end of the fiscal year are referred to as “due from/to other funds” (i.e., current portion of interfund loans) or “advances to/from other funds” (i.e.: long-term in nature). Eliminations have been made in the government-wide financial statements.

H. 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 pension plan (plan) with California Public Employees’ Retirement System (CalPERS) 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.

I. Other Postemployment Benefits

For purposes of measuring the net other postemployment benefits (“OPEB”) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Agency’s OPEB plan (OPEB Plan) and additions to/deductions from the OPEB Plan’s fiduciary net position have been determined on the same basis as they are reported by the California Employer’s Retiree Benefit Trust (CERBT). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

J. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Agency has two (2) items that qualify for reporting in this category. These items are related to the net pension liability and net other postemployment benefits. These amounts are further described in their respective footnotes.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has two (2) items that qualify for reporting in this category in the government-wide financial statements. These items are related to the net pension liability and net other postemployment benefits. These amounts are further described in their respective footnotes. The Agency has one item that qualifies for reporting in this category in the fund statements. Unavailable revenues, which arises only under a modified accrual basis of accounting, is the recognition of revenues earned but not received within the period that the amounts become available.

K. Net Position

Government-wide financial statements utilize a net position presentation. Net position of the Agency is categorized as net investment in capital assets, restricted, and unrestricted.

- **Net investment in capital assets** represent the capitalized cost of capital assets, net of depreciation and the related outstanding debt balances if any.
- **Restricted** net position represents net position that is constrained by externally imposed requirements of creditors (such as through debt covenants), laws or regulations of other governments or imposed by law, through constitutional provisions or enabling legislation.
- **Unrestricted** describes the portion of net position which is not restricted as to use.

When an expense is incurred for purposes for which both restricted and unrestricted net positions are available,it is the Agency's policy is to apply restricted net position first.

L. Fund Balances

In the governmental fund financial statements, fund balances are classified in the following categories:

- **Nonspendable** – Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories, and items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.
- **Restricted** – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments as well as restrictions imposed by law through constitutional provisions or enabling legislation.
- **Committed** – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body and that remain binding unless removed in the same manner. The Agency's Board of Directors is considered the highest authority for the Agency.
- **Assigned** – Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The Board and the Executive Director have the authority to assign amounts to be used for specific purposes.
- **Unassigned** – This category is for the remaining fund balance.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

M. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Debt service expenditures including principal and interest payments are reported as expenditures.

N. Use of Estimates

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

O. New Accounting Principles

Effective This Fiscal Year

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance related to fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, or the FY 2020/2021. The Agency determined the payroll fund, previously categorized as an Agency Fund, should be accounted for as a liability of the General Fund. There was no impact to the financial statements.

GASB Statement No. 90 – In August 2018, GASB issued Statement No. 90, *Majority Equity Interest, an amendment of* GASB *statement No. 14 and No. 61*. The objectives of this Statement are to improve how majority equity interest is reported. The Statement specifies that a majority equity interest in a legally separate organization should be reported as an investment using the equity method if a government's holding of the equity interest meets the definition of an investment and for all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 or FY 2020/2021. There was no impact to the financial statements.

Effective in Future Fiscal Years

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. 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. The Statement is effective for the reporting periods beginning after December 15, 2020, or FY 2021/2022. The Agency is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 89 – In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a* Construction *Period*. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in the financial statements. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020 or FY 2021/2022. There was no impact to the financial statements.

GASB Statement No. 91 – In May 2019, GASB issued 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 commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures by clarifying 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 commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021 or FY 2022/2023. The Agency is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 92 – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objective of this Statement is to establish accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 or FY 2021/2022, except for the requirement relating to Statement 87 and Implementation Guide 2019-3; reinsurance recoveries, and terminology used to refer to derivative instruments which are effective upon issuance. The Agency is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 93 – In May 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objectives of this Statement are to address those and other accounting and reporting implications resulting from the replacement of an IBOR by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced and providing clarification to the hedge accounting termination provisions, removing LIBOR as a benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap, identifying a

Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap and providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 or FY 2021/2022, except the removal of LIBOR as a benchmark interest rate which is effective for periods beginning after December 31, 2022 or FY 2023/2024. The Agency is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 94 – In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022 or FY 2022/2023. The Agency is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022 or FY 2022/2023. The Agency is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 97 – In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 3*2. The objective of this Statement is to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 or FY 2021/2022. The Agency is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 98 – In October 2018, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report.* The objective of this Statement is to address references in authoritative literature to the term *comprehensive* annual financial *report.* The requirement of this Statement is effective for reporting periods ending after December 15, 2021. The Agency is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 99 – In April 2022, GASB issued Statement No. 99, *Omnibus 2022.* The objective of this Statement is to enhance comparability in accounting and financial reporting and to improve the consistence of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirement of this Statement is effective for 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. Requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022. 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. The Agency is evaluating the impact of this Statement on the financial statements.

Note 2 - Cash and Investments

Cash and investments are classified in the financial statements as shown below:

Statement of Net Position:	
Governmental Activities	$ 12,159,978
Petty cash	$ 100
Deposits with financial institution	8,785,789
Cash Pooled with Shasta County Treasury	3,374,089
Total cash	$ 12,159,978

A. Demand Deposits

At June 30, 2021, the carrying amount of the Agency's deposits was $8,785,789 and the bank balance was $8,785,789. The total bank balance was covered by federal depository insurance or by collateral held by the Agency's agent in the Agency's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure Agency's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in Agency's name.

The market value of pledged securities must equal at least 110% of the Agency's cash deposits. California law also allows institutions to secure Agency deposits by pledging first trust deed mortgage notes having a value of 150% of the Agency's total cash deposits. Agency may waive collateral requirements for cash deposits, which are fully insured up to $250,000 by the Federal Deposit Insurance Corporation ("FDIC"). Agency has waived the collateralization requirements for deposits insured by FDIC.

B. Cash Pooled with Shasta County Treasury

The Agency maintains its State Transit Assistance and Local Transportation Funds cash in the amount of $3,374,089 in the Shasta County Treasury (County Pool). The County pools these funds with those of other entities in the County and invests the cash. These pooled funds are carried at amortized cost. Interest earned is deposited quarterly into participating funds. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County's financial statements. The County of Shasta's financial statements may be obtained by contacting the County of Shasta Auditor-Controller's office at 1450 Court Street, Room 238, Redding, California 96001. The investment pool is not registered within the Securities and Exchange Commission ("SEC"), and a treasury oversight committee provides oversight to ensure that investments comply with the approved County investment policy. At June 30, 2021, the weighted average maturity for the Shasta County Treasury is less than one year. The Shasta County Treasury is not rated by the rating agency. At the year end, the Shasta County Treasury was not exposed to custodial credit risk.

C. Fair Value Measurements

The Agency categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the Agency has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the Agency's own data.

The fair value of the Agency's investment in the County Pool is reported in the accompanying financial statements at amounts based upon the Agency's pro-rata share of the fair value provided by the County Pool for the entire Pool portfolio (in relation to the amortized cost of that portfolio).

Deposits and withdrawals in the County Pool are made on the basis of $1 and not fair value. Accordingly, the Agency's proportionate share of investments in those funds at June 30, 2021 is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

Note 3 - Due from other governments

Due from other governments consists mainly of amounts due from State of California in the amount of $309,057 for State Transit Assistance revenue and grant revenue. Additionally, the Agency has recorded a receivable in the amount of $1,918,262 for sales tax revenues received in July and August. Management believes these amounts to be fully collectible and, accordingly, no allowance for doubtful accounts is required.

Note 4 - Interfund Transactions

A. Due to and Due From

The Local Transportation Fund has a due to other funds balance of $25,851 that is due to the General Fund for Transportation Development Act Administrative costs. This amount is expected to be paid in the subsequent period.

B. Advances to and From Other Funds

The Agency purchased a building at 1255 East Street in Redding, California. The Local Transportation Special Revenue Fund (Loan Fund) advanced $401,349 for the 40% of the square footage of the building that is leased. The General Fund is expected, with annual Board approval, to annually return the advances to the Local Transportation Special Revenue Fund with no interest over a seven-year period from net rental income. There is no repayment schedule for the advances.

At June 30, 2021, the advances from the Local Transportation Special Revenue Fund are in the amount of $171,967.

Note 5 - Capital Assets

A summary of changes in capital assets for the governmental activities for the year ended June 30, 2021 is as follows:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Governmental Activities:				
Capital Assets, not being depreciated				
Land	$ 235,000	$ -	$ -	$ 235,000
Depreciable assets:				
Building	1,606,157	497,012	-	2,103,169
Improvements	9,686	-	-	9,686
Equipment and furniture	362,997	-	-	362,997
Total depreciable assets	1,978,840	497,012	-	2,475,852
Less: accumulated depreciation				
Building	(320,634)	(96,087)	-	(416,721)
Improvements	(6,929)	(466)	-	(7,395)
Equipment and furniture	(151,214)	(50,980)	-	(202,194)
Total accumulated depreciation	(478,777)	(147,533)	-	(626,310)
Total depreciable assets, net	1,500,063	349,479	-	1,849,542
Governmental activities capital assets, net	$ 1,735,063	$ 349,479	$ -	$ 2,084,542

Depreciation expense in the amount of $147,533 for the year ended June 30, 2021 was charged to planning and administrative function for governmental activities.

Note 6 - Long-Term Debt

A summary of changes in governmental activities long-term debt for the year ended June 30, 2021, is noted below:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due in One Year	Due in More Than One Year
Governmental Activities:						
Direct Financing - Lease Financing	$ 698,041	$ -	$ (54,557)	$ 643,484	$ 56,183	$ 587,301
Compensated absences	83,134	71,806	(34,624)	120,316	36,539	83,777
	$ 781,175	$ 71,806	$ (89,181)	$ 763,800	$ 92,722	$ 671,078

Lease Financing

In April 2016 the Agency purchased a portion of a building for occupancy. The Agency leases a portion of the building to Umpqua Bank under a Site and Facility Lease until October 1, 2030. The Site and Facility lease required an advanced payment from Umpqua Bank of $923,000. The Site and Facility lease stipulates that Umpqua Bank shall lease the same portion of building back to the Agency under a lease agreement that qualifies as a capital lease for accounting purposes. The lease agreement between Umpqua Bank as the sub-lessor and Agency as the sub-lessee requires Agency to pay a total of $923,000 plus interest in semi-annual payments through October 2030. Interest on the lease is at 2.98%. The Agency holds title to the property. The Agency may prepay the lease payments up to 10% of the outstanding principal component of the lease payments without a prepayment premium.

Future minimum lease payments under the capital lease are as follows:

Year Ended June 30,	Governmental Activities
2022	$ 74,522
2023	74,497
2024	74,472
2025	74,445
2026	74,445
Thereafter	371,621
Total minimum lease payments	744,002
Less amount representing interest	(100,518)
Present value of minimum lease payments	$ 643,484

Compensated Absences

The Agency's liability for vested and unpaid compensated absences (accrued vacation) has been accrued and totaled to $100,833 for governmental activities at June 30, 2021 and are generally liquidated by the Local Planning Fund for the governmental activities.

Note 7 - Pension Plan

The Agency contributes to the California Public Employees' Retirement System ("CalPERS"), a cost-sharing multiple- employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of- living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. All qualified permanent and probationary employees are eligible to participate in the Agency's Miscellaneous Employee Pension Plan, a cost-sharing multiple-employer defined benefit pension plan administered by CalPERS.

Benefit provisions and all other requirements are established by State statute and city contracts with employee bargaining groups. CalPERS issues publicly available reports that include a full description of the pension plans 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 or 52, depending on hire date, 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 each plan are applied as specified by the Public Employees' Retirement Law.

The Plan provisions and benefits in effect at June 30, 2021, are summarized as follows:

	Miscellaneous	
	Tier I	Tier II (PEPRA)
Hire Date	Prior to March 2, 2012	On or after January 1, 2013
Formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Minimum retirement age	50	52
Benefits, as a % of annual salary	2.0%	2.0%
Required employee contribution rates	6.908%	7.25%
Required employer contribution rates	11.746% + $8,042	7.874% + $4,722

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) 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. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. All employees are participants in the Tier I plan and are required to contribute 7 percent of their annual covered salary. For the year ended June 30, 2021, contributions to the Plan were $103,172.

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

As of June 30, 2021, the Agency reported net pension liability for its proportionate shares of the net pension liability in the amount of $43,253.

The Agency's net pension liability is measured as the proportionate share of the Plan's net pension liability. The net pension liability is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The Agency's proportion of the net pension liability was based on the Agency's 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 as of June 30, 2020 and 2019 was as follows:

Proportionate Share of NPL Percentage	Net Pension Liability	Proportionate Share
June 30, 2019	$ 11,025	0.00010760%
June 30, 2020	43,253	0.00039753%
Change - Increase (Decrease)	$ 32,228	0.00028993%

For the year ended June 30, 2021, the Agency recognized pension expense in the amount of $132,544 for the Miscellaneous CalPERS plan. On June 30, 2021, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	$ 103,172	$ -
Change of Assumptions		308
Differences Between Expected and Actual Experience	2,229	-
Differences Between Projected and Actual Investment Earnings	1,285	-
Differences between Employer's Contributions and Proportionate Share of Contributions	54,492	-
Changes in Employer's Proportionate	26,801	4,465
Total	$ 187,979	$ 4,773

Reported as deferred outflows of resources related to contributions subsequent to the measurement date is $103,172, which will be recognized as a component of pension expense 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:

Year ended June 30,		
2022	$	42,491
2023		25,752
2024		11,173
2025		618
Total	$	80,034

Actuarial Assumptions

The total pension liabilities in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions for the Miscellaneous CalPERS plan:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth (1)	3.3% - 14.2%
Mortality	Based on CalPERS Experience Study

(1) Depending on age, service, and type of employment

The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each 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 long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	Target	Real Return	Real Return
Global equity	50.0%	4.80%	5.98%
Fixed income	28.0%	1.00%	2.62%
Inflation assets	0.0%	0.77%	1.81%
Private equity	8.0%	6.30%	7.23%
Real assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
	100.0%		

(1) An expected inflation of 2.00% used for this period
(2) An expected inflation of 2.92% used for this period

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. 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 is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report call “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the Agency's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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, 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:

	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.15%	7.15%	8.15%
Net Pension Liability / (Asset)	$ 223,531	$ 43,253	$ (105,705)

Pension Plan Fiduciary Net Position

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

Note 8 - Deferred Compensation Plan

The Agency offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Service (IRS) Code Section 457. Amounts deferred by employees and the related income are held in trust by the plan provider for the exclusive benefit of the participants and their beneficiaries. The amounts are not owned by the Agency nor are they available to the Agency's creditors.

The Plan allows employees to make voluntary contributions to the Plan up to the limits prescribed by the IRS. The Agency does not match non-management employee voluntary contributions. The Agency matches management employee voluntary contributions up to 50% of the limits prescribed by the IRS regulations. The Agency does not participate in Social Security but participates in a FICA Alternative Plan which requires a 7.5% contribution split between employee and employer. By law, the Agency determines the contribution split. The Agency contributions 6.2% of the FICA Alternative Plan.

In accordance with U.S. GAAP, the Agency is not required to report the value of the plan assets since the assets are held in trust for the exclusive benefit of the participants and their beneficiaries. Consequently, the value of the plan assets and any related liability to plan participants have been excluded from the Agency's financial statements.

Note 9 - Other Postemployment Benefits

A. Plan Description

Plan Description. The Agency's postemployment healthcare plan ("OPEB") provides medical benefits to eligible retired the Agency employees and their beneficiaries pursuant to California Government Code Section 31694 et. Seq. The Agency's OPEB Plan is administered by the CalPERS. Members of the OPEB Plan include retirees of the Agency and of other employer plan sponsors, as well as their eligible dependents. The Agency is considered a plan sponsor.

Benefits provided. Retiree medical benefits are also offered to employees eligible for medical insurance as determined by the board of directors and consistent with CalPERS requirements under the state Public Employees’ Medical and Hospital Care Act (PEMHCA). The Agency is legally required only to pay the PEMHCA minimum in medical premiums for active and retired employees. However, the Agency has elected to pay amounts above the PEMHCA minimum for full-time employees, administered consistent with PEMHCA standards, as follows:

1. All full-time employees hired prior to July 1, 2012, who retire from the Agency, shall receive up to 100% of the employer-share of medical insurance premiums currently in effect for active employees.

   Alternately, effective July 1, 2016, the employee may elect to participate in Number 3. below. Such election shall be in-lieu of the above offer and in effect and irrevocable upon election made in writing. Participation in this option precludes the employee from receiving any Agency retiree premium payment above the required PEMHCA minimum.

2. All full-time employees hired between July 1, 2012, and June 30, 2016, who retire from the Agency, shall receive 25% of the employer-share medical premiums after five years of service. Vesting will continue at 2.5% per year until fifteen years of total service at which time the employee is fully vested at a 50% maximum contribution rate.

   Alternately, effective July 1, 2016, the employee may elect to participate in Number 3. below. Such election shall be in-lieu of the above offer and in effect and irrevocable upon election made in writing. Participation in this option precludes the employee from receiving any Agency retiree premium payment above the required PEMHCA minimum.

3. All other employees who qualify for CalPERS medical insurance under this section may elect to participate in an in-lieu retiree medical plan where the Agency will match up to 3% of an employee’s annual compensation to a retirement savings plan on a dollar-for-dollar basis. The employee shall immediately vest in all Agency contributions. Eligible retirement savings plans made available by the Agency include IRS Section 457 and 401(a) plans and may include other plans approved by the board of directors.

4. The health plans can include coverage for an eligible spouse and/or dependents. After a member’s death, a surviving spouse is eligible to continue coverage. The maximum subsidy for a surviving spouse is the same as it is for a retiree.

5. The Agency will pay 58% of the premium for spousal coverage and 62% of the premium for other dependent coverage.

6. The health plans can include coverage for an eligible spouse and/or dependents. After the member’s death, a surviving spouse is eligible to continue health plan coverage. The Agency will pay 58% of the premium for spousal coverage and 62% of the premium for other dependent coverage.

7. If a member is eligible for a disability retirement benefit, the member can receive a monthly health plan subsidy of $187 per month or a $15 per year of service, whichever is greater.

Contributions. The Agency, as a plan sponsor, determines the contributions into CalPERS to fund the OPEB Plan. The Agency has decided to pay the liability on pay-as-you go basis. During fiscal year 2020-21, the Agency made contributions of $67,707 to the plan.

Employees covered by benefit terms. At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	-
Active employees	10
Total	12

B. Net OPEB Liability

The Agency's net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total OPEB liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
General Inflation	2.5% per annum
Discount Rate	2.21% at June 30, 2020 Based on Bond Buyer 20-bond Index on June 30, 2020
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality
Salary Increases	Aggregate 2.75% Merit - CalPERS 1997-2015 Experience Study
Medical Trend	Non-Medicare - 6.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076 Medicare - 5.85% for 2022, decreasing to an ultimate rate of 3.75% in 2076
Healthcare participation	50%

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

Asset Class	Target	1-10 Year	11+ Year
Global Equity	40.0%	4.80%	5.98%
Fixed Income	43.0%	1.10%	2.62%
Treasury Inflation Protection Securities	5.0%	0.25%	1.46%
Real Estate Investment Trusts	8.0%	3.20%	5.00%
Commodities	4.0%	1.50%	2.87%
Total	100.0%		

Discount rate. The discount rate used to measure the total OPEB liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that the Agency's contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

C. Changes in the Net OPEB Liability

The changes in the net OPEB liability measured as of June 30, 2021 is as follows:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2020	$ 401,850	$ 155,220	$ 246,630
Service Cost	16,449	-	16,449
Interest	28,619	-	28,619
Actual vs expected experience	44,322	-	44,322
Changes in assumptions	34,152	-	34,152
Employer contributions	-	67,707	(67,707)
Net investment income	-	52,888	(52,888)
Benefit payments	(19,228)	(19,228)	-
Net changes	104,314	101,367	2,947
Balance at June 30, 2021	$ 506,164	$ 256,587	$ 249,577

Detailed information about the OPEB plan's fiduciary net position is available in the separate CalPERS ACFR that may be obtained on the CalPERS website.

D. Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates

The following presents the net OPEB liability of the Agency, as well as what the Agency's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00 percent) or 1 percent higher (7.00 percent) than the current discount rate:

	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability	$ 317,699	$ 249,577	$ 192,292

Sensitivity to the net OPEB liability to changes in the healthcare cost trend rates – The following presents the net OPEB liability of the Agency, as well as what the Agency's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower (3%) or 1 percentage point higher (5%) than the current healthcare cost trend rates:

	1% Decrease	Current Rate	1% Increase
Net OPEB Liability	$ 181,571	$ 249,577	$ 333,270

E. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the Agency recognized OPEB expense of $41,627. At June 30, 2021, the Agency reported deferred outflows and inflows of resources related to OEPB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 54,372	$ 29,713
Changes in assumptions	107,402	-
Total	$ 161,774	$ 29,713

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

Fiscal year ending June 30,	Deferred outflows/ (inflows) of resources
2022	$ 8,572
2023	9,127
2024	9,011
2025	6,751
2026	15,794
Thereafter	82,806
Total	$ 132,061

Note 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; and injuries to employees. These risks are covered by commercial insurance purchased from Alliant Insurance Services, Inc. There have been no reductions in insurance coverage as compared to the previous year, and for the past three fiscal years, no settlement amounts have occurred that exceeded the Agency's coverage. The Agency's insurance coverage with Alliant Insurance Services, Inc. is as follows:

Insurance	Amount
Personal Injury	$ 2,000,000
Public Officials Errors and Omissions	2,000,000
Products/Completed Operations	2,000,000
Employment Practices	2,000,000
Crime	1,000,000
Property	25,000,000
Workers' Compensation	1,000,000

Note 11 - Commitments and Contingencies

The Agency is subject to litigation arising in the normal course of business. In the opinion of the Agency's Attorney, there is no pending litigation which is likely to have a material adverse effect on the financial position of the Agency.

The Agency received federal and state financial assistance from the California Department of Transportation ("Caltrans"). This financial assistance is provided to the Agency as a reimbursement of expenditures incurred in the administration of certain programs. Federal and state financial assistance is recognized as revenue at the time related expenditures are incurred, not when the funds are actually received. Although the Agency's financial assistance programs have been audited through June 30, 2020, in accordance with the provisions of Uniform Guidance, these programs may be subject to further financial and compliance audits by the reimbursing agencies.

As of June 30, 2021, the Agency has significant outstanding commitments over $10,000 as follows:

Commitments	Committed	Spent
SCS Implementation Technical Support	$ 217,127	$ 195,197
Sustainable Shasta	84,049	37,301
Public Information & Participation	94,889	89,893

Note 12 - Prior Period Adjustment

The Agency had corrected for adjustments related to unearned revenues in the prior year for the general fund and revenues not properly accrued in the State Transportation Assistance and Local Transportation Program Special Revenue Funds. The Agency also recorded a prior period adjustment related to the movement of the measurement date for the other postemployment benefits liability and related deferred inflows and outflows to coincide with the measurement date.

Opinion Unit / Account	Previously Reported	Correction	Corrected Balance
Governmental Activities			
Due from other governments	$ 1,249,275	$ 1,749,811	$ 2,999,086
Deferred Outflows Related to OPEB	107,940	(4,157)	103,783
Unearned revenues	3,436,058	895,841	4,331,899
Net OPEB Liability	219,219	27,411	246,630
Deferred Inflows Related to OPEB	601	(46)	555
Net Position	7,537,394	822,448	8,359,842
General Fund			
Unearned revenues	3,346,923	895,841	4,242,764
Fund balance (deficit)	(173,392)	(895,841)	(1,069,233)
Local Transportation Fund			
Due from other governments	-	1,694,293	1,694,293
Fund balance	5,067,692	1,694,293	6,761,985
State Transit Assistance Fund			
Due from other governments	403,687	55,518	459,205
Fund balance	627,502	55,518	683,020

Required Supplementary Information
June 30, 2021

Shasta Regional Transportation Agency

California Public Employees' Retirement System ("CalPERS") Miscellaneous Plan

Measurement Date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
Proportion of the net pension liability	0.00019%	-0.00040%	0.00022%	0.00030%
Proportionate share of the net pension liability/(asset)	$ 11,798	$ (2,960)	$ 7,870	$ 30,218
Covered payroll	$ 495,433	$ 577,751	$ 646,302	$ 714,715
Proportionate share of the net pension liability	2.38%	-0.51%	1.22%	4.23%
Plan's proportionate share of the fiduciary net position as a percentage of the total pension liability	81.00%	78.30%	74.10%	73.30%

[1] Historical information is presented only for measurement periods for which GASB 68 is available for periods after GASB 68 implementation in 2013-14.

California Public Employees' Retirement System ("CalPERS") Miscellaneous Plan

Measurement Date	June 30, 2018	June 30, 2019	June 30, 2020
Proportion of the net pension liability	0.00022%	0.00011%	0.03975%
Proportionate share of the net pension liability/(asset)	$ 21,512	$ 11,025	$ 43,253
Covered payroll	$ 746,858	$ 843,236	$ 960,058
Proportionate share of the net pension liability	2.88%	1.31%	4.51%
Plan's proportionate share of the fiduciary net position as a percentage of the total pension liability	75.30%	75.30%	75.10%

California Public Employees' Retirement System ("CalPERS") Miscellaneous Plan

	2013-14[1]	2014-15	2015-16	2016-17	2017-18
Actuarially determined contribution	$ 55,298	$ 64,257	$ 56,173	$ 62,807	$ 65,698
Contributions in relation to the actuarially determined contributions	(74,697)	(64,257)	(56,173)	(62,819)	(65,698)
Contribution deficiency (excess)	$ (19,399)	$ -	$ -	$ (12)	$ -
Covered payroll	$ 495,433	$ 577,751	$ 646,302	$ 714,715	$ 746,858
Contributions as a percentage of covered payroll	11.16%	11.12%	8.69%	8.79%	8.80%

[1] Historical information is presented only for measurement periods for which GASB No. 68 is available for periods after GASB 68 implementation in 2013-14. Additional years of information will be displayed as it becomes available.

Notes to Schedule:

Benefit Changes: There were no changes to the benefit terms.

Changes of Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

California Public Employees' Retirement System ("CalPERS") Miscellaneous Plan

	2018-19	2019-20	2020-21
Actuarially determined contribution	$ 111,204	$ 79,928	$ 103,172
Contributions in relation to the actuarially determined contributions	(111,204)	(79,928)	(103,172)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 843,236	$ 866,425	$ 960,058
Contributions as a percentage of covered	13.19%	9.23%	10.75%

[1] Historical information is presented only for measurement periods for which GASB No. 68 is available for periods after GASB 68 implementation in 2013-14. Additional years of information will be displayed as it becomes available.

Notes to Schedule:

Benefit Changes: There were no changes to the benefit terms.

Changes of Assumptions: In 2020, there were no changes. In 2019, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

Shasta Regional Transportation Agency

Schedule of Changes in the Net Other Postemployment Benefits (OPEB) and Related Ratios

Last 10 Years[1]

Measurement Date	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020[2]	June 30, 2021
Total OPEB liability					
Service cost	$ 5,991	$ 6,156	$ 6,325	$ -	$ 16,449
Interest	15,440	16,483	17,498	-	28,619
Benefit payments	(5,558)	(8,103)	(11,623)	-	(19,228)
Difference between expected and actual experience	-	-	-	-	44,322
Changes in assumptions and other inputs	-	-	-	-	34,152
Other	-	256	17,850	-	-
Net change in total OPEB liability	15,873	14,792	128,755	-	104,314
Total OPEB liability - beginning	220,441	236,314	251,106	-	401,850
Total OPEB liability - ending (a)	$ 236,314	$ 251,106	$ 379,861	$ -	$ 506,164
OPEB fiduciary net position					
Employer contributions	$ 33,235	$ 256	$ 47,059	$ -	$ 67,707
Net investment income	8,161	9,161	9,080	-	52,888
Administrative expense	(43)	(213)	(32)	-	-
Benefit payments	(5,558)	(8,103)	(11,623)	-	(19,228)
Net change in plan fiduciary net position	35,795	1,101	44,484	-	101,367
Plan fiduciary net position - beginning	79,262	115,057	116,518	-	155,220
Plan fiduciary net position - ending (b)	$ 115,057	$ 116,158	$ 160,642	$ -	$ 256,587
Plan net OPEB liability - ending (a) - (b)	$ 121,257	$ 134,948	$ 219,219	$ -	$ 249,577
Plan fiduciary net position as a percentage of the total OPEB liability	48.69%	46.26%	42.29%	0.00%	50.69%
Covered payroll	$ 717,265	$ 746,858	$ 843,236	$ -	$ 960,058
Plan net OPEB liability as a percentage of covered payroll	16.91%	18.07%	26.00%	0.00%	26.00%

[1] Historical information is presented only for measurement periods for which GASB 75 is available for periods after GASB 75 implementation in 2016-17.

[2] During FY 2021, the Agency adjusted the measurement date to coincide with the financial reporting date.

Notes to Schedule:

Benefit Changes: There were no changes to the benefit terms.

Change in Assumptions: There were no changes to assumptions.

	2016-17[1]	2017-18	2018-19	2019-20	2020-21[3]
Actuarially determined contribution[2]	$ 23,235	$ -	$ -	$ -	$ -
Contributions in relation to the actuarially determined contributions	(33,235)	(49,363)	(47,059)	(23,116)	(67,707)
Contribution deficiency (excess)	$ (10,000)	$ (49,363)	$ (47,059)	$ (23,116)	$ (67,707)
Covered payroll	$ 717,265	$ 746,858	$ 843,236	$ -	$ 960,058
Contributions as a percentage of covered employee payroll	4.63%	6.61%	5.58%	0.00%	7.05%

[1] Historical information is presented only for measurement periods for which GASB 75 is available for periods after GASB 75 implementation in 2016-17.

[2] The June 30, 2015 actuarial valuation provided the actuarially determined contributions for the fiscal year ended June 30, 2017. There is no actuarially determined contribution for the fiscal years ended June 30, 2018, 2019, 2020, and 2021. SRTA contributed on pay-as-you go basis.

[3] Includes credit towards implicit subsidy

Notes to Schedule:

Valuation date:	June 30, 2021
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Actuarial Cost Method
Discount rate	7.00%
Service requirement	100% at 5 Years of Service
Increase in CalPERS minimum	3.50%
Healthcare cost trend rates	4.00%
Payroll increases	2.75%

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues:				
Intergovernmental:				
Federal Highway Administration	$ 841,867	$ 737,066	$ 1,539,020	$ 801,954
Federal Transit Administration	666,549	135,810	171,105	35,295
Planning, Programming and Monitoring	411,903	146,000	417,947	271,947
RSTP exchange fund	1,975,119	1,975,119	3,028,138	1,053,019
TDA Administration	-	-	5,451	5,451
Strategic Planning and Research	303,177	201,716	146,074	(55,642)
Safe Routes to School/ATP	-	-	431,487	431,487
Low Carbon Transit Operations Program	150,000	150,000	284,831	134,831
State of Good Repair	247,042	553,511	103,222	(450,289)
Interest income	23,945	23,945	31,382	7,437
Other revenue	-	-	371	371
Total revenues	4,619,602	3,923,167	6,159,028	2,235,861
Expenditures:				
Current:				
Planning and administration	3,085,219	2,797,129	4,131,021	(1,333,892)
Capital outlay	-	-	497,012	(497,012)
Debt service:				
Payments on capital lease	17,145	17,145	54,557	(37,412)
Interest	21,591	21,591	19,989	1,602
Total expenditures	3,123,955	2,835,865	4,702,579	(1,866,714)
Excess of revenues over (under) expenditures	1,495,647	1,087,302	1,456,449	369,147
Other Financing Sources:				
Proceeds from capital lease	-	-	-	-
Transfers in	781,516	781,516	-	(781,516)
Total other financing sources	781,516	781,516	-	(781,516)
Net change in fund balance	$ 2,277,163	$ 1,868,818	1,456,449	$ (412,369)
Fund Balance:				
Beginning of Year (restated)			(1,069,233)	
End of Year			$ 387,216	

	Budgeted Amounts			Variance With Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
Revenues:				
Sales tax	$ 7,399,070	$ 7,399,070	$ 10,478,300	$ 3,079,230
Federal Highway Adminsitration	-	-	79,670	79,670
TDA Administration	-	-	781,515	781,515
Interest income	-	-	17,982	17,982
Total revenues	7,399,070	7,399,070	11,357,467	3,958,397
Expenditures:				
Current:				
Planning and administration	-	-	1,380,876	(1,380,876)
Transportation Programs:				
Street and roads	6,551,691	6,551,691	6,551,693	(2)
Transit	1,108,042	1,108,042	1,729,144	(621,102)
Bike & Pedestrian	149,465	149,465	-	149,465
Non-Motorized	187,314	187,314	241,928	(54,614)
Total expenditures	7,996,512	7,996,512	9,903,641	(1,907,129)
Excess of revenues over (under) expenditures	(597,442)	(597,442)	1,453,826	2,051,268
Other Financing Use:				
Transfers out	(781,516)	(781,516)	-	781,516
Total other financing uses	(781,516)	(781,516)	-	781,516
Net change in fund balance	$ (1,378,958)	$ (1,378,958)	1,453,826	$ 2,832,784
Fund Balance:				
Beginning of Year (restated)			6,761,985	
End of Year			$ 8,215,811	

Shasta Regional Transportation Agency

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –
State Transit Assistance Special Revenue Fund
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues:				
Sales tax	$ 1,320,655	$ 1,320,655	$ 1,463,911	$ 143,256
Interest income	-	-	2,666	2,666
Total revenues	1,320,655	1,320,655	1,466,577	145,922
Expenditures:				
Current:				
Planning and administration	-	-	133	(133)
Transportation programs:				
Transit	1,542,905	1,542,905	1,442,382	100,523
				-
Total expenditures	1,542,905	1,542,905	1,442,515	100,390
Excess of revenues over (under) expenditures	(222,250)	(222,250)	24,062	246,312
Net change in fund balance	$ (222,250)	$ (222,250)	24,062	$ 246,312
Fund Balance:				
Beginning of Year (restated)			683,020	
End of Year			$ 707,082	

Budget Information

The operating budget for the Agency is prepared on a basis consistent with generally accepted accounting principles and is adopted as a part of the Overall Work Program for the Agency. The executive director is authorized to transfer budget amounts between accounts within any element of the Overall Work Program. Any revisions which alter the total expenditures of any element require approval by the Board of Directors and Caltrans.

Budgets are adopted annually on the accrual basis for all governmental funds. Amendments to the adopted budget requires an approval by the Board of Directors. Reported budget amounts are as originally adopted and subsequently amended. Annual appropriations lapse at fiscal year-end.

Expenditures over Appropriation

During the year ended June 30, 2021, the Agency had expenditures over appropriations for the following:

Fund	Amount in excess of expenditures
Local Planning Fund:	
Planning and administration	$ 1,333,892
Capital outlay	497,012
Payments on capital lease	37,412
Local Transportation Special Revenue Fund:	
Planning and administration	1,380,876
Streets and roads	2
Transit	621,102
Non-motorized	54,614
State Transit Assistane Special Revenue Fund:	
Planning and administration	133

Supplementary Information
June 30, 2021

Shasta Regional Transportation Agency

	Allocations and Disbursements Under Public Utilities Code Sections				
	99233.1	99260	99275	99400 (a) (c) & (d)	Totals
Allocations:					
County of Shasta	$ -	$ -	$ -	$ 2,449,622	$ 2,449,622
City of Redding	-	-	-	3,074,211	3,074,211
City of Anderson	-	-	-	511,182	511,182
City of Shasta Lake	-	-	-	516,678	516,678
Redding Area Bus Authority	-	1,108,044	-	-	1,108,044
Shasta Regional Transportation Agency	1,118,295	-	-	-	1,118,295
SRTA (CTSA)	-	-	408,504	-	408,504
Total allocations	$ 1,118,295	$ 1,108,044	$ 408,504	$ 6,551,693	$ 9,186,536
Disbursements:					
County of Shasta	$ -	$ -	$ -	$ 2,449,622	$ 2,449,622
City of Redding	-	-	-	3,074,211	3,074,211
City of Anderson	-	-	-	511,182	511,182
City of Shasta Lake	-	-	-	516,678	516,678
Redding Area Bus Authority	-	1,108,044	-	-	1,108,044
Shasta Regional Transportation Agency	1,118,295	-	-	-	1,118,295
SRTA (CTSA)	-	-	408,504	-	408,504
Total disbursements	$ 1,118,295	$ 1,108,044	$ 408,504	$ 6,551,693	$ 9,186,536

	California Administrative Code Section 6730(a)
Allocations:	
City of Redding	$ 1,413,755
City of Anderson	2,904
City of Shasta Lake	25,723
Total allocations	$ 1,442,382
Disbursements:	
City of Redding	$ 1,413,755
City of Anderson	2,904
City of Shasta Lake	25,723
Total disbursements	$ 1,442,382

Direct Expenses for the year ended June 30, 2021	$	328,795
Approved Indirect cost rate for June 30, 2021		107.18%
Total allocable indirect expenses at June 30, 2021		352,402
Actual indirect expenses at June 30, 2021		1,084,885
Under (over) recovered indirect expenses at June 30, 2021	$	732,483

	Actual Expense	Direct Expense	Indirect Expense
Direct expenses:			
Salaries	$ 650,370	$ 233,573	$ 416,797
PTO	81,993	-	81,993
Employee benefits	358,127	95,222	262,905
Total salaries and employee benefits	1,090,490	328,795	761,695
Advertising	1,993	963	1,030
Bank Charges	373	133	240
Communication	15,692	-	15,692
Computer Support	28,813	1,522	27,291
Copier	1,291	1,291	-
Consultants	632,851	632,851	-
Depreciation	147,067	-	147,067
Dues and Subscriptions	10,099	3,965	6,134
Education and Training	4,177	4,177	-
Insurance	16,920	-	16,920
Interest	9,588	1,438	8,150
Licenses	10,645	10,645	-
Meetings	120	120	-
Printing	1,022	1,022	-
Postage	121	29	92
Professional Services	76,948	18,905	58,043
Public Notice	3,099	3,002	97
Repairs and Maintenance	65,200	57,008	8,192
Security	10,783	2,043	8,740
Software	5,171	-	5,171
Supplies	10,498	149	10,349
Taxes	128	94	34
Travel	714	-	714
Utilities	11,003	1,769	9,234
Total expenses	$ 2,154,806	$ 1,069,921	$ 1,084,885

Compliance Section
June 30, 2021

Shasta Regional Transportation Agency

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and the Transportation Development Act

Board of Directors
Shasta Regional Transportation Agency
Redding, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Shasta Regional Transportation Agency (Agency) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated July 8, 2022. Our report contains two emphasis of matter paragraphs regarding a change in accounting principles and a correction of error.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal controls, described in the accompanying schedule of findings and questioned costs as item 2021-001 and 2021-002 that we consider to be a material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Section 6666 of Title 21 of the California Code of Regulations, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or Section 6666 of Title 21 of the California Code of Regulations.

Agency's Response to Finding

The Agency's response to the finding identified in our audit are described in the accompanying schedule of findings and questioned costs and separate corrective action plan. The Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of 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 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.

Eide Bailly LLP

Sacramento, California
July 8, 2022

2021-001 FINANCIAL REPORTING

Criteria:

Management is responsible for taking responsibility for the preparation and fair presentation of the financial statements. Management is responsible for ensuring that all financial records and related information is reliable and properly recorded.

Condition Found:

Material Weakness – Management identified and corrected several misstatements related to the recognition of outstanding deposits that resulted in a prior period adjustment. The total adjustment amount was $853,970. Additionally, we made proposed and management corrected several audit adjustment to ensure that the financial statements are fairly stated:

- Reduce State of Good Repair revenues by $143,820
- Reduce SB 1 revenues by $72,533
- Increase Local Transportation Fund revenues by $223,969
- Decrease State Transit Assistance Fund revenues by $55,518
- Increase compensated absences by $19,483
- Adjust pension amounts by $12,764
- Adjust other post-employment benefit amounts by $80,318

Context:

The Agency's financial statements required a material audit adjustment to comply with generally accepted accounting principles.

***Repeat* Finding from Prior Year(s):**

No.

Effect:

The result of the condition above resulted in a misstatement of governmental activities and the general fund financial statements.

Cause:

Management did not review the accounting treatment for various activities to ensure that the appropriate accounting principles are applied.

Recommendation:

We recommend that the Agency ensure that the financial records of the Agency are complete and accurate prior to the audit process and contain all necessary adjustments.

Views of Responsible Officials and Planned Corrective Actions:

The Agency management agrees with finding. The Agency has updated policies and procedures to ensure appropriate accounting principles are applied. The new procedures were implemented in fiscal year 2021/22.

2021-002 SEGREGATION OF DUTIES

Criteria:

Internal controls should be established to ensure segregation of duties between the initiation and approval functions over journal entries.

Condition Found:

Material Weakness – We identified instances in which journal entries were initiated and approved by the same individual.

Context:

During our audit, we identified that the Chief Fiscal Officer both prepares and approves all journal entries that are entered into the Agency's finance system.

***Repeat* Finding from Prior Year(s):**

No.

Effect:

There is an increased risk of error or fraud if the journal entries are initiated and reviewed by the same individuals.

Cause:

The journal entry process did not have proper segregation of duties.

Recommendation:

We recommend that management implement policies and procedures within the Agency to disallow an individual from creating, approving, and posting the same entry or implement a period review of these journal entries by a separate individual.

Views of Responsible Officials and Planned Corrective Actions:

The Agency management agrees with the finding. The Agency has updated policies and procedures to address the deficiencies in internal controls. The new procedures have been implemented as of April 2022.