

DEL NORTE LOCAL TRANSPORTATION COMMISSION
AUDITED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2021



DEL NORTE LOCAL TRANSPORTATION COMMISSION
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INDEPENDENT AUDITOR'S REPORT

To the Commissioners of
Del Norte Local Transportation Commission
Crescent City, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Del Norte Local Transportation Commission (the Commission), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts; 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 State Controller's Minimum Audit Requirements and Reporting Guidelines for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Commission'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 Commission'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, each major fund, and the aggregate remaining fund information of the Commission, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8 and page 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated October 18, 2021, on our consideration of the Commission's compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.

Harshmal & Company LLP

Oakland, California
October 18, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

**DEL NORTE LOCAL TRANSPORTATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

This section of Del Norte Local Transportation Commission's (the Commission) financial statements presents management's overview and analysis of the financial activities of the Commission for the fiscal year ended June 30, 2021. We encourage the reader to consider the information presented herein in conjunction with the financial statements as a whole.

Introduction to the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Commission's audited financial statements. This annual report is prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

The required financial statements include the Government-wide and Fund Financial Statements; Statement of Net Position and Governmental Fund Balance Sheet; Statement of Activities and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances; Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position.

These statements are supported by notes to the financial statements. All sections must be considered together to obtain a complete understanding of the financial picture of the Commission.

Basic Financial Statements

The Basic Financial Statements comprise the Government-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the Commission's financial activities and financial position.

Government-wide Financial Statements

The Government-wide financial statements provide a longer-term view of the Commission's activities as a whole and comprise the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of the Commission as a whole, including all of its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all of the Commission's revenues and all of its expenses, on the full accrual basis, with the emphasis on measuring net revenues or expenses of the Commission's programs. The Statement of Activities explains in detail the change in Net Position for the year.

Government-wide financial statements are prepared on the accrual basis, which means they measure the flow of all economic resources of the Commission as a whole.

**DEL NORTE LOCAL TRANSPORTATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

All of the Commission's activities are grouped into Government Activities, as explained below.

Fund Financial Statements

The Fund Financial Statements report the Commission's operations in more detail than the Government-wide statements and focus primarily on the short-term activities of the Commission's Major Funds. The Fund Financial Statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt, and other long-term amounts. The Fund Financial Statements provide detailed information about each of the Commission's most significant funds, called Major Funds. The concept of Major Funds, and the determination of which are Major Funds, was established by GASB Statement No. 34 and replaced the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, with all Non-major Funds summarized and presented only in a single column. Major Funds present the major activities of the Commission for the year and may change from year to year as a result of changes in the pattern of the Commission's activities. In the Commission's case, there are two Major Governmental Funds.

Governmental Fund Financial Statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements. Major Funds account for the major financial activities of the Commission and are presented individually. All of the Commission's Governmental Funds are considered major.

The Statement of Net Position and the Statement of Activities present information about the following:

Governmental Activities - The Commission's basic services are considered to be governmental activities. These services are supported by specific program revenues from state grants and local transportation claims. Comparisons of Budget and Actual financial information are presented for the SAFE and Administration Special Revenue Fund.

Fiduciary Activities - The Commission's fiduciary activities are reported in the separate Statement of Fiduciary Net Position. Their balances are excluded from the Commission's other financial statements because the Commission cannot use these assets to finance its own operations.

The Fiduciary Statements provide financial information about the activities of the Transportation Development Act Fund, State Transit Assistance, RSTP, PTMISEA, and Transit Security Funds for which the Commission acts solely as an agent. The Fiduciary Statements provide information about the cash balances and activities of these funds. These statements are separate from, and their balances are excluded from, the Commission's financial activities.

Analysis of Major Funds:

Governmental Funds - Special Revenue Fund revenue decreased by \$57,195 from \$367,539 in the prior fiscal year to \$310,344 this fiscal year. The difference is primarily due to the completion of an RPA Carryover grant funded project, Work Element L: Elk Valley Cross Road Corridor Plan.

**DEL NORTE LOCAL TRANSPORTATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Special Revenue Fund expenditures decreased by \$64,489 from \$389,979 in the prior fiscal year to \$325,490 this fiscal year. The difference is primarily due to the completion of an RPA Carryover grant funded project, Work Element L: Elk Valley Cross Road Corridor Plan, as noted in the preceding paragraph.

Governmental Activities

**Table 1
Governmental Net Position**

	<u>2021</u>	<u>2020</u>
Cash and Investment	\$ 104,087	\$ 86,021
Accounts Receivables	56,500	96,906
Capital Assets, Net of Accumulated Depreciation	<u>-</u>	<u>-</u>
Total Assets	<u>160,587</u>	<u>182,927</u>
Accounts Payable	<u>19,525</u>	<u>26,719</u>
Total Liabilities	<u>19,525</u>	<u>26,719</u>
Net Position:		
Net Investment in Capital Assets	-	-
Restricted	<u>141,062</u>	<u>156,208</u>
Total Net Position	<u>\$ 141,062</u>	<u>\$ 156,208</u>

The Commission's governmental net position amounted to \$141,062 as of June 30, 2021, a decrease of \$15,146 over 2020. This decrease is the Change in Net Position reflected in the Governmental Activities column of the Statement of Activities shown in Table 2. The Commission's net position as of June 30, 2021, comprised the following:

Restricted - includes \$141,062 of net position that can only be used for specific purposes.

**DEL NORTE LOCAL TRANSPORTATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

The Statement of Activities presents revenues in detail. These elements are summarized below in the Changes in Governmental Net Position.

**Table 2
Changes in Governmental Net Position**

	<u>2021</u>	<u>2020</u>
Expenses:		
SAFE Services	\$ 22,967	\$ 17,460
Planning and Administration	<u>302,523</u>	<u>372,519</u>
Total Expenses	<u>325,490</u>	<u>389,979</u>
Revenues:		
Program Revenues:		
Grants	208,814	291,943
Local Transportation Funds	46,232	48,606
PPM Funds	28,000	-
SAFE Services	26,035	24,289
General Revenues:		
Interest	<u>1,263</u>	<u>2,701</u>
Total Revenues	<u>310,344</u>	<u>367,539</u>
Change in Net Position	<u>\$ (15,146)</u>	<u>\$ (22,440)</u>

The Major Special Revenue Funds that the Commission uses to account for its governmental activities are described below.

SAFE Fund - This fund accounts for service authority for freeway emergencies. The major revenue source for this fund is state fees collected in connection with vehicle license fees. Expenditures are made for service authority for freeway emergencies projects. Expenditures in the amount of \$22,837 were made for services and supplies and \$130 were made for administration services in the current year. The fund balance increased by \$3,897 from \$73,103 at the end of the prior fiscal year to \$77,000 at the end of the current fiscal year.

Administration Fund - The major revenue source for this fund is Regional Planning Assistance funds. Expenditures in the amount of \$289,538 were made for planning and administration and \$12,985 was made for payments to affiliates in the current year. The fund balance decreased by \$19,043 from \$83,105 at the end of the prior fiscal year to \$64,062 at the end of the current fiscal year.

Capital Assets

GASB Statement No. 34 requires the Commission to record all its capital assets that were not recorded in prior years. The detail on capital assets can be found in Note 3.

Debt Administration

The Commission does not utilize long-term debt to fund operations or growth.

**DEL NORTE LOCAL TRANSPORTATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Economic Outlook and Major Initiatives

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

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

Contacting the Commission's Financial Management

These financial statements are intended to provide citizens, taxpayers, and creditors with a general overview of the Commission's finances. Questions about this Report should be directed to Executive Director, Del Norte Local Transportation Commission, 900 Northcrest Drive #16, Crescent City, California, 95531.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

DEL NORTE LOCAL TRANSPORTATION COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
ASSETS:	
Current Assets:	
Cash and Investments	\$ 104,087
Accounts Receivables	56,500
Total Current Assets	160,587
Noncurrent Assets:	
Capital Assets, Net of Accumulated Depreciation	-
Total Noncurrent Assets	-
Total Assets	160,587
LIABILITIES AND NET POSITION:	
LIABILITIES:	
Current Liabilities:	
Accounts Payable	19,525
Total Current Liabilities	19,525
Total Liabilities	19,525
NET POSITION:	
Net Investment in Capital Assets	-
Restricted	141,062
Total Net Position	141,062
Total Liabilities and Net Position	\$ 160,587

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

DEL NORTE LOCAL TRANSPORTATION COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
SAFE Services	\$ 22,967	\$ -	\$ 26,035	\$ 3,068
Planning and Administration	302,523	-	283,046	(19,477)
Total Governmental Activities	<u>\$ 325,490</u>	<u>\$ -</u>	<u>\$ 309,081</u>	<u>(16,409)</u>
General Revenues:				
Interest				1,263
Total General Revenues				<u>1,263</u>
Change in Net Position				(15,146)
Net Position - Beginning of Year				<u>156,208</u>
Net Position - End of Year				<u>\$ 141,062</u>

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

FUND FINANCIAL STATEMENTS

DEL NORTE LOCAL TRANSPORTATION COMMISSION
BALANCE SHEET- GOVERNMENTAL FUNDS
JUNE 30, 2021

	Fund 618 SAFE	Fund 602 Administration	Total
ASSETS:			
Cash and Investments	\$ 74,517	\$ 29,570	\$ 104,087
Accounts Receivables	4,379	52,121	56,500
Total Assets	78,896	81,691	160,587
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	1,896	17,629	19,525
Total Liabilities	1,896	17,629	19,525
FUND BALANCES:			
Restricted	77,000	64,062	141,062
Total Fund Balances	77,000	64,062	141,062
Total Liabilities and Fund Balances	\$ 78,896	\$ 81,691	\$ 160,587

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

DEL NORTE LOCAL TRANSPORTATION COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Fund 618 SAFE	Fund 602 Administration	Total
REVENUES:			
Grants	\$ -	\$ 208,814	\$ 208,814
Local Transportation Funds	-	46,232	46,232
PPM Funds	-	28,000	28,000
Service Authority for Freeway Emergencies	26,035	-	26,035
Interest	829	434	1,263
	<u>26,864</u>	<u>283,480</u>	<u>310,344</u>
EXPENDITURES:			
Current:			
Service	22,837	-	22,837
Payment to Affiliates	-	12,985	12,985
Planning and Administration	130	289,538	289,668
	<u>22,967</u>	<u>302,523</u>	<u>325,490</u>
<i>Excess/(Deficiency) of Revenues over Expenditures</i>	<u>3,897</u>	<u>(19,043)</u>	<u>(15,146)</u>
Net Change in Fund Balance	3,897	(19,043)	(15,146)
Fund Balance - Beginning of Year	<u>73,103</u>	<u>83,105</u>	<u>156,208</u>
Fund Balance - End of Year	<u>\$ 77,000</u>	<u>\$ 64,062</u>	<u>\$ 141,062</u>

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

DEL NORTE LOCAL TRANSPORTATION COMMISSION
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2021

	Expendable Trust Funds						Total
	Fund 637 Local Transportation	Fund 626 State Transit Assistance	Fund 619 RSTP Fund	Fund 696 PTMISEA Fund	Fund 647 Transit Security Fund	Fund 697 State of Good Repair	
ASSETS:							
Cash and Investments	\$ 260,541	\$ 123,984	\$ 1,440,686	\$ 568,464	\$ 218	\$ 83,004	\$ 2,476,897
Sales Tax Receivable	<u>151,634</u>	<u>50,701</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>202,335</u>
Total Assets	<u>412,175</u>	<u>174,685</u>	<u>1,440,686</u>	<u>568,464</u>	<u>218</u>	<u>83,004</u>	<u>2,679,232</u>
LIABILITIES:							
Accounts Payable	<u>190,820</u>	<u>18,532</u>	<u>97,496</u>	<u>13,812</u>	<u>-</u>	<u>-</u>	<u>320,660</u>
Total Liabilities	<u>190,820</u>	<u>18,532</u>	<u>97,496</u>	<u>13,812</u>	<u>-</u>	<u>-</u>	<u>320,660</u>
NET POSITION:							
Held in Trust for Pedestrian Bike	55,925	-	-	-	-	-	55,925
Held in Trust	<u>165,430</u>	<u>156,153</u>	<u>1,343,190</u>	<u>554,652</u>	<u>218</u>	<u>83,004</u>	<u>2,302,647</u>
Total Net Position	<u>\$ 221,355</u>	<u>\$ 156,153</u>	<u>\$ 1,343,190</u>	<u>\$ 554,652</u>	<u>\$ 218</u>	<u>\$ 83,004</u>	<u>\$ 2,358,572</u>

See Independent Auditor's Report.

DEL NORTE LOCAL TRANSPORTATION COMMISSION
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Expendable Trust Funds						Total
	Fund 637 Local Transportation	Fund 626 State Transit Assistance	Fund 619 RSTP Fund	Fund 696 PTMISEA Fund	Fund 647 Transit Security Fund	Fund 697 State of Good Repair	
REVENUES:							
Sales Tax	\$ 864,089	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 864,089
RSTP Funds	-	-	265,332	-	-	-	265,332
State of Good Repair	-	-	-	-	-	40,940	40,940
State Transit Assistance Funds	-	196,685	-	-	-	-	196,685
Interest	2,512	1,579	10,846	6,249	2	924	22,112
Total Revenues	866,601	198,264	276,178	6,249	2	41,864	1,389,158
EXPENDITURES:							
Services	-	-	-	-	-	-	-
Administration and Planning Redwood Coast Transit Authority	46,233	-	-	-	-	-	46,233
Consolidated Transit Services Agency	725,115	196,685	-	23,577	-	-	945,377
Partnerships	38,164	-	-	-	-	-	38,164
Streets Overlays	-	-	97,496	-	-	-	97,496
Others	-	-	-	-	-	68,545	68,545
Total Expenditures	809,512	196,685	97,496	23,577	-	68,545	1,195,815
Change in Net Position	57,089	1,579	178,682	(17,328)	2	(26,681)	193,343
Net Position - Beginning of Year	164,266	154,574	1,164,508	571,980	216	109,685	2,165,229
Net Position - End of Year	<u>\$ 221,355</u>	<u>\$ 156,153</u>	<u>\$ 1,343,190</u>	<u>\$ 554,652</u>	<u>\$ 218</u>	<u>\$ 83,004</u>	<u>\$ 2,358,572</u>

See Independent Auditor's Report.

DEL NORTE LOCAL TRANSPORTATION COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Del Norte Local Transportation Commission (the Commission) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

This summary of significant accounting policies of the Commission is presented to assist in understanding the financial statements. The financial statements and notes are representations of management, who is responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of financial statements.

A. Reporting Entity and Nature of Activities

The Commission is the regional transportation planning agency for Del Norte County, California, and was created pursuant to Title 3 of Government Code Section 29535. The Commission is responsible for transportation planning activities as well as administration of the Local Transportation Trust Fund and the State Transit Assistance Fund. The Commission does not exercise control over any other governmental agency authority. Criteria used in determining the reporting entity was based on control or dependence determined on the basis of budget adoption, funding, and appointment of the respective governing board.

B. Basis of Presentation

Government-wide financial statements

The statement of net position and statement of activities display information about the reporting government as a whole and include all funds of the reporting entity, except for fiduciary activities. Governmental activities generally are financed through taxes and other non-exchange revenues.

The statement of activities demonstrates the degree to which the direct expenses of given functions or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include grants and contributions that are restricted to meeting the operational needs of a particular program, and fees, grants, and contributions that are restricted to financing the acquisition or construction of capital assets.

Revenues not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net position/ fund equity, revenues, and expenditures/expenses.

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds and major individual fiduciary funds are reported as separate columns in the fund financial statements.

DEL NORTE LOCAL TRANSPORTATION COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONT'D)

B. Basis of Presentation - Cont'd

Fund Financial Statements - Cont'd

The Commission's resources are accounted for based on the purposes for which they are to be spent and the means by which spending activities are controlled. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the Commission or meets the following criteria:

Total assets, liabilities, revenues, or expenditures (or expenses) of the individual governmental funds are at least 10 percent of the corresponding total for all funds of that category or type.

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; the basis of accounting refers to the timing of the recognition of revenues and expenditures in the accounts and their reporting in the financial statements.

Government-wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the liability is incurred or economic asset used. Fiduciary funds are not included in the government-wide financial statements.

Fund Financial Statements

The governmental fund types use a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Their revenues are recognized when susceptible to accrual, i.e., when they become measurable and available. Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, if measurable. General capital asset acquisitions are reported as expenditures in governmental funds.

The revenues susceptible to accrual are Transportation Development Act (TDA) funds, grants, and interest revenue.

Non-exchange transactions, in which the Commission gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Commission may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net positions may be available to finance program expenditures. The Commission's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

DEL NORTE LOCAL TRANSPORTATION COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONT'D)

C. Measurement Focus/Basis of Accounting - Cont'd

Fund Financial Statements - Cont'd

The governmental funds consist of:

Service Authority for Freeway Emergencies (SAFE) Fund - The major revenue source for this fund is state vehicle license fees. Expenditures are made for SAFE projects.

Administration Fund - The major revenue source for this fund is state Regional Planning Assistance funds. Expenditures are made for planning and administration.

The fiduciary funds account for assets held by the Commission as a trustee or agent for other units of government. Expendable trust funds are used by the Commission for the following purposes:

Local Transportation Fund (LTF) - This fund is utilized by the Commission, as trustee, to receive the 1/4 of 1% retail sales tax that is returned to each County by the State Board of Equalization. These funds are apportioned and allocated by the Commission to eligible claimants for transit, transportation planning, and for the administration of the TDA.

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

Regional Surface Transportation Program (RSTP) Fund - This fund is utilized by the Commission, as trustee, to receive non-federal RSTP account funds from the California Department of Transportation. These funds are then allocated to local agencies for eligible purposes.

Public Transportation Modernization, Improvement, and Service Enhancement Account Program (PTMISEA) Fund - This fund is utilized by the Commission, as trustee, to receive PTMISEA funds which are required to be accounted for separately.

Transit Security Fund - This fund is utilized by the Commission, as trustee, to receive Proposition 1B California Transit Security Grant funds which are required to be accounted for separately.

State of Good Repair Fund - This fund is utilized by the Commission, as trustee, to receive funding for capital assistance in rehabilitating and modernizing California's existing local transit systems. This is an increase in transit STA funding. They pass through DNLTC directly to RCTA.

D. Budgets

Operating Funds - The Commission annually adopts a budget through the preparation of an overall work program. This work program describes the projects, or work elements, that are to be funded and the type of funds that will pay for the expenditures, such as Regional Planning Assistance, State Subvention, Local Transportation, or Federal Transportation Administration (FTA).

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

Expendable Trust Funds - There are three expendable trust funds, the LTF, STA, and RSTP Funds. The LTF funds are available for transit, streets and roads, pedestrian and bicycle, administration of the TDA, and transportation planning.

DEL NORTE LOCAL TRANSPORTATION COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONT'D)

D. Budgets - Cont'd

The STA funds are available for transit purposes. The eligible recipients are the Commission, the County of Del Norte, the City of Crescent City, Redwood Coast Transit Authority, and any governmental agency that is operating a transit service within Del Norte County, California. The process for delivering the LTF and STA funds to the various recipients is as follows:

The County Auditor-Controller estimates the number of funds to be available in the LTF, and notifies the Commission before February 1 of each year.

The LTF fund's net position balance has \$55,925 held in trust for pedestrian bicycle projects.

The Commission determines how much funding it will need for the planning and administration of the TDA. Redwood Coast Transit Authority (RCTA) is the only eligible claimant in the Del Norte region for the LTF funds provided by the State of California Department of Finance. RCTA is notified of the amount of LTF funds. RCTA then submits a claim for LTF funds, with transit needs required to be met before any streets and roads funds can be claimed. While it is legal to allocate LTF funds for street and road purposes under certain conditions, the Commission is committed to funding transit to the greatest extent possible and, by practice, does not divert funds for streets and roads allocations.

The Commission acts upon the claims, adopting resolutions, and preparing allocation instructions that notify the recipient of the funds approved and notifies the County Auditor-Controller of what expenditures are approved and when they are to be paid.

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

E. Cash and Cash Equivalents

The Commission's cash is maintained with the County of Del Norte Office of the Auditor-Controller and a local financial institution. Cash deposits in external investment pools are considered cash equivalents when deposits and withdrawals may be made at any time without prior notice or penalty. The County of Del Norte Office of the Auditor-Controller allocates interest to the various funds based upon the average monthly cash balances. The Commission's cash on deposit with the County of Del Norte Treasury at June 30, 2021, was \$142,308 reported in governmental activity funds and \$2,316,800 reported in fiduciary funds. The Commission's cash on deposit with Tri Counties Bank at June 30, 2021, was \$121,877.

F. Accounts Receivables

The Commission evaluates the collectability of accounts receivable in order to determine the allowance for doubtful accounts. As of June 30, 2021, the Commission determined that accounts receivable is fully collectible and recorded \$0 for the allowance for doubtful accounts.

Based on historical experience, the Commission does not expect amounts to become uncollectible; however, if they are, they will be charged to operations as a bad debt expense. Although this method does not conform to generally accepted accounting principles, the impact of any bad debt expense recorded in the future is expected to be immaterial to the financial statements.

**DEL NORTE LOCAL TRANSPORTATION COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONT'D)

G. Capital Assets

Capital assets are defined by the government as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if the actual historical cost is not available. Donated fixed assets are valued at their acquisition value on the date donated.

Depreciation of capital assets is charged as an expense against operations, with accumulated depreciation reflected in the statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

<u>Depreciable Asset</u>	<u>Estimated Useful Life</u>
Callboxes and Equipment	5 years

H. Net Position and Fund Balance Classification Policy

The difference between fund assets and liabilities is called “net position” in the government-wide and proprietary fund financial statements, and it is called “fund balance” in the governmental fund financial statements.

Government-wide and proprietary fund financial statements have the following categories of net position:

Net investment in capital assets represents capital assets, net of accumulated depreciation reduced by the outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position represents amounts that can be spent only for specific purposes as stipulated by law, external resource providers, contracts, or through enabling legislation.

Unrestricted net position represents amounts that are neither restricted nor invested in capital assets, net of related debt.

In accordance with the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the governmental fund financial statements have the following categories of fund balance:

Nonspendable fund balance includes amounts in fund balance that cannot be spent because they are either not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted fund balance includes amounts that can be spent only for specific purposes as stipulated by law, external resource providers, contracts, or through enabling legislation.

Committed fund balance includes amounts that can be spent only for specific purposes determined by formal action of the Commission. Commitments may be changed or lifted only by the Commission taking the same formal action.

Assigned fund balance includes amounts that are intended to be spent for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent can be expressed by the Commission, a Commission-created committee, or an official designated by the Commission to which it delegates the authority.

Unassigned fund balance represents the residual classification for resources that cannot be classified into any of the other categories.

DEL NORTE LOCAL TRANSPORTATION COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONT'D)

H. Net Position and Fund Balance Classification Policy - Cont'd

The Commission establishes fund balance commitments by the passage of a resolution. This is typically done through the adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the Commission.

As of June 30, 2021, the Commission's restricted funds of \$141,062 include \$64,062 of State Transportation Improvement Program funds to be used for project planning, programming and monitoring activities, \$77,000 of funds to be used for SAFE projects.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, followed by committed, assigned, and unassigned resources as they are needed.

I. Due to Other Governments

Balances due to other governments from fiduciary funds are included in liabilities on the Statement of Fiduciary Net Position. As of June 30, 2021, the Commission's balance due to other governments was \$0.

J. Interfund Transactions - Transfers among funds

Resources may be transferred from one Commission fund to another. The purpose of the transfers is to reimburse a fund that has made expenditure on behalf of another fund.

K. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

L. Contingencies

The Commission receives revenue from Federal, State, and Local agencies that have requirements to be followed when expending these revenues. If the requirements are not followed, the unauthorized expenditures would be a liability to be refunded to the appropriate agency. Although that is a possibility, management currently deems the contingency remote based upon their knowledge of the objectives of the agencies and the provisions of the funding agreements. Accordingly, no amount has been accrued as a contingent liability in the accompanying financial statements

M. Risk Management

The Commission is exposed to various risks of loss related to errors and omissions. The Commissioners are covered for errors and omissions liability through the respective government agencies (Crescent City and County of Del Norte).

DEL NORTE LOCAL TRANSPORTATION COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONT'D)

N. Fair Value Measurements

The Commission categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

The three levels of the fair value hierarchy are described as follows:

- Level 1:** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Commission has the ability to access.
- Level 2:** Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3:** Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the Commission's own assumptions about the inputs that market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Commission's own data.

NOTE 2 - CASH AND INVESTMENTS FUNDS

The Commission maintains specific cash deposits with the County of Del Norte and involuntarily participates in the external investment pool of the County of Del Norte. The County of Del Norte is restricted by state code in the types of investments it can make. Furthermore, the County of Del Norte Treasurer has a written investment policy, approved by the Board of Supervisors, on an annual basis. Also, the County of Del Norte has a Treasury Oversight Committee, which performs regulatory oversight for its pool.

The County of Del Norte's investment policy authorizes the County of Del Norte to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, certificates of deposit, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, and the State Treasurer's investment pool. As of June 30, 2021, the Commission's cash with the County of Del Norte's Treasurer is stated at fair value. As of June 30, 2021, both the fair value and carrying value of the pool shares were \$142,308 and \$2,316,800 for the governmental and fiduciary funds, respectively.

DEL NORTE LOCAL TRANSPORTATION COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - CASH AND INVESTMENTS FUNDS - (CONT'D)

Fair Value Measurements

The Commission's investments have the following recurring fair value measurements as of June 30, 2021:

	Fair Value	Fair Value Measurement Using:		
		Level 1	Level 2	Level 3
Collective Investment Funds:				
Del Norte County Treasurer's Pool	\$ 2,459,108	\$ 2,459,108	\$ -	\$ -
Total	<u>\$ 2,459,108</u>	<u>\$ 2,459,108</u>	<u>\$ -</u>	<u>\$ -</u>

The Commission uses quoted prices in active markets to determine the fair value of its investments, if available. If quoted market prices in active markets are not available, fair value is based upon fair value information provided by third-party investment custodians.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of investment, the greater the sensitivity of its fair value to changes in market interest rates. Due to the highly liquid nature of the Commission's investment with the County of Del Norte's external investment pool, the Commission's exposure to interest rate risk is deemed by management to be insignificant.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County of Del Norte's external investment pool does not have a rating provided by a nationally recognized statistical rating organization.

Custodial Credit Risk

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

As of June 30, 2021, there were no Commission deposits with financial institutions in excess of federal depository insurance limits.

Concentration of Credit Risk

The investment policy of the Commission contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. There were no non-pooled investments held by the Commission at June 30, 2021.

DEL NORTE LOCAL TRANSPORTATION COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 - CAPITAL ASSETS

The change in the capital assets in the SAFE fund for the year ended June 30, 2021, was as follows:

	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021
Equipment	\$ 123,327	\$ -	\$ -	\$ 123,327
Less: Accumulated Depreciation	<u>(123,327)</u>	<u>-</u>	<u>-</u>	<u>(123,327)</u>
Net Capital Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 4 - PUBLIC TRANSIT MODERNIZATION

In November 2006, California Voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. Of the \$19.925 billion of state general obligation bonds authorized, \$4 billion was set aside by the State as instructed by statute as the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA). These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements for rolling stock procurement, rehabilitation, or replacement.

During the year ended June 30, 2021, the Commission received and expended Proposition 1B PTMISEA funds within the STA Fund as follows:

Unexpended PTMISEA Funds at June 30, 2020	\$ 571,980
Proceeds Received During 2021:	
Interest Earned	<u>6,249</u>
Total Available for Expenditure	578,229
Expenditures Incurred During 2021:	
Funding Provided to RCTA for Purchases	<u>23,577</u>
Unexpended PTMISEA Funds at June 30, 2021	<u>\$ 554,652</u>

NOTE 5 - SUBSEQUENT EVENTS

The Commission's management has evaluated subsequent events through October 18, 2021, which is the date the financial statements were available to be issued, and noted no events that could impact the understanding of the users of the financial statements.

As the COVID-19 pandemic is complex and rapidly evolving. At this point, we cannot reasonably estimate the duration and severity of this pandemic, which could have a material adverse impact on our business, results of operations, and financial position.

REQUIRED SUPPLEMENTARY INFORMATION

DEL NORTE LOCAL TRANSPORTATION COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE BY WORK ELEMENT - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
(UNAUDITED)

	Budget		Actual					Total	Variance
	Original	Final	TDA	SAFE	SRTS	RPA	STIP		
REVENUES:									
Regional Planning Assistance	\$ 230,000	\$ 253,184	\$ -	\$ -	\$ -	\$ 208,814	\$ -	\$ 208,814	\$ (44,370)
PPM Funds	70,228	113,728	-	-	-	-	28,000	28,000	(85,728)
TDA Funds	76,000	76,000	46,232	-	-	-	-	46,232	(29,768)
SAFE	26,000	26,000	-	26,035	-	-	-	26,035	35
Interest*	-	-	-	829	-	-	434	1,263	1,263
Total Revenues	402,228	468,912	46,232	26,864	-	208,814	28,434	310,344	(158,568)
EXPENDITURES:									
Long Range Planning Coordination (A)	75,186	84,370	-	-	-	81,691	-	81,691	2,679
Overall Work Program Development (B)	36,000	36,000	1,367	-	-	26,000	-	27,367	8,633
Public Participation and Information Dissemination (C)	102,500	102,500	-	-	-	62,075	1,500	63,575	38,925
Regional Transportation Improvement Program (RTIP) Development (D)	67,728	87,728	-	-	-	-	9,962	9,962	77,766
TDA Administration and Fiscal Management (E)	56,000	56,000	44,865	-	-	-	-	44,865	11,135
SAFE: Service Authority for Freeway Emergencies (F)	26,000	26,000	-	22,837	-	-	-	22,837	3,163
2020 Regional Transportation Plan (G)	38,814	62,314	-	-	-	38,814	23,030	61,844	470
Safety Planning (H)	-	14,000	-	-	-	234	-	234	13,766
Payments to Affiliates	-	-	-	-	12,985	-	-	12,985	(12,985)
Misc Others	-	-	-	130	-	-	-	130	(130)
Total Expenditures	402,228	468,912	46,232	22,967	12,985	208,814	34,492	325,490	143,422
Excess/(Deficiency) of Revenues over Expenditures	-	-	-	3,897	(12,985)	-	(6,058)	(15,146)	(15,146)
Fund Balance - Beginning of Year	156,208	156,208	-	73,103	12,985	-	70,120	156,208	-
Fund Balance - End of Year	<u>\$ 156,208</u>	<u>\$ 156,208</u>	<u>\$ -</u>	<u>\$ 77,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,062</u>	<u>\$ 141,062</u>	<u>\$ (15,146)</u>

References to A - H above represent work elements of the Overall Work Program.

* Interest income is not included in the work program budget.

SUPPLEMENTARY INFORMATION

DEL NORTE LOCAL TRANSPORTATION COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Fund 618</u> <u>SAFE</u>	<u>Fund 602</u> <u>Administration</u>	<u>Total</u>
<i>REVENUES:</i>			
Regional Planning Assistance	\$ -	\$ 208,814	\$ 208,814
PPM Funds	-	28,000	28,000
TDA Funds	-	46,232	46,232
Service Authority for Freeway Emergencies	26,035	-	26,035
Interest	<u>829</u>	<u>434</u>	<u>1,263</u>
Total Revenues	<u>26,864</u>	<u>283,480</u>	<u>310,344</u>
<i>EXPENDITURES:</i>			
Long Range Planning Coordination (A)	-	81,691	81,691
Overall Work Program Development (B)	-	27,367	27,367
Public Participation and Information Dissemination (C)	-	63,575	63,575
Regional Transportation Improvement Program (RTIP) Development (D)	-	9,962	9,962
TDA Administration and Fiscal Management (E)	-	44,865	44,865
SAFE: Service Authority for Freeway Emergencies (F)	22,837	-	22,837
2020 Regional Transportation Plan (G)	-	61,844	61,844
Safety Planning (H)	-	234	234
Payments to Affiliates	-	12,985	12,985
Misc. Others	<u>130</u>	<u>-</u>	<u>130</u>
Total Expenditures	<u>22,967</u>	<u>302,523</u>	<u>325,490</u>
<i>Excess/(Deficiency) of Revenues over Expenditures</i>	<u>3,897</u>	<u>(19,043)</u>	<u>(15,146)</u>
Net Change in Fund Balance	3,897	(19,043)	(15,146)
Fund Balance - Beginning of Year	<u>73,103</u>	<u>83,105</u>	<u>156,208</u>
Fund Balance - End of Year	<u>\$ 77,000</u>	<u>\$ 64,062</u>	<u>\$ 141,062</u>

**DEL NORTE LOCAL TRANSPORTATION COMMISSION
SCHEDULE OF ALLOCATIONS AND EXPENDITURES -
LOCAL TRANSPORTATION FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Public Utilities Code Section				Total
	Administration 99233.1	Pedestrian & Bike Facilities 99234	Community Transit Services 99275	Contracted Transit Service 99260	
<i>ALLOCATIONS:</i>					
Sales Tax and Other Income	\$ 866,601	\$ -	\$ -	\$ -	\$ 866,601
Total Allocations	866,601	-	-	-	866,601
<i>EXPENDITURES:</i>					
Redwood Coast Transit Authority	-	-	-	725,115	725,115
Consolidated Transit Services Agency	-	-	-	38,164	38,164
Administration and Planning	46,233	-	-	-	46,233
Total Expenditures	\$ 46,233	\$ -	\$ -	\$ 763,279	\$ 809,512

**DEL NORTE LOCAL TRANSPORTATION COMMISSION
 SCHEDULE OF ALLOCATIONS AND EXPENDITURES -
 STATE TRANSIT ASSISTANCE FUND
 FOR THE YEAR ENDED JUNE 30, 2021**

		Public Utilities Code Section
		<u>General Public 6730</u>
<i>ALLOCATIONS:</i>		
State of California STA Funds and Other Income	\$	<u>198,264</u>
Total Allocations		<u>198,264</u>
<i>EXPENDITURES:</i>		
Redwood Coast Transit Authority		<u>196,685</u>
Total Expenditures	\$	<u><u>196,685</u></u>

**REPORT ON COMPLIANCE OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH THE
STATUTES, RULES AND REGULATIONS OF THE
CALIFORNIA TRANSPORTATION DEVELOPMENT ACT**

To the Commissioners of
Del Norte Local Transportation Commission
Crescent City, California

We have audited, in accordance with auditing standards generally accepted in the United States of America the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Del Norte Local Transportation Commission (the Commission), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated October 18, 2021.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Additionally, we performed tests to determine that expenditures paid by Del Norte Local Transportation Commission Transportation Development Act Funds were made in accordance with the California Transportation Development Act. Specifically, we performed each of the specific tasks identified in the California Code of Regulations Sections 6661, 6662, and 6751 that are applicable to Del Norte Local Transportation Commission Transportation Development Act Funds. Also as part of our audit, we performed tests of compliance to determine whether certain state bond funds were received and expended in accordance with the applicable bond act and state accounting requirements.

In connection with our audit, nothing came to our attention that caused us to believe the Del Norte Local Transportation Commission failed to comply with the Statutes, Rules, and Regulations of the California Transportation Development Act. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

As of June 30, 2021, Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA) funds received and expended, in the current fiscal year, were verified in the course of our audit as follows:

Unexpended PTMISEA Funds at June 30, 2020	\$ 571,980
Proceeds Received During 2021:	
Interest Earned	<u>6,249</u>
Total Available for Expenditure	578,229
Expenditures Incurred During 2021:	
Funding Provided to RCTA for Purchases	<u>23,577</u>
Unexpended PTMISEA Funds at June 30, 2021	<u><u>\$ 554,652</u></u>

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

Harshmal & Company LLP

Oakland, California
October 18, 2021