
**CITY OF RIO VISTA
TRANSIT FUND**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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**CITY OF RIO VISTA TRANSIT FUND
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Rio Vista
Rio Vista, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Transit Fund of the City of Rio Vista as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 financial position of the Transit Fund of the City of Rio Vista, as of June 30, 2021 and 2020, and the changes in financial position and cash flows, thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1, the financial statements present only the Transit Fund of the City of Rio Vista and do not purport to, and do not, present fairly the financial position of City of Rio Vista as of June 30, 2021 and 2020, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2021, on our consideration of the Transit Fund of the City of Rio Vista's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Transit Fund of the City of Rio Vista's internal control over financial reporting and compliance.

Mann, Mundy, Nelson CPA's

Sacramento, California
December 2, 2021

CITY OF RIO VISTA TRANSIT FUND
STATEMENTS OF NET POSITION
 JUNE 30, 2021 and 2020

	2021	2020
<u>ASSETS</u>		
Current Assets		
Cash and investments (Note 2)	\$ 233,497	\$ 305,528
Accounts receivable	417,216	324,934
Interest receivable	24	153
Total Current Assets	650,737	630,615
Capital assets, net of accumulated depreciation (Note 3)	69,550	106,494
TOTAL ASSETS	720,287	737,109
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Changes in net pension liability (Note 7)	5,210	3,997
Changes in the total OPEB liability (Note 8)	678	328
Total Deferred Outflows of Resources	5,888	4,325
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable	118,267	142,612
Salaries and benefits payable	622	503
Compensated absences, due within one year (Note 5)	653	515
Total Current Liabilities	119,542	143,630
Long-term Liabilities		
Compensated absences, net of current portion (Note 5)	2,344	1,720
Net pension liability (Note 7)	21,414	15,314
Total OPEB liability (Note 8)	4,622	3,826
Total Long-Term Liabilities	28,380	20,860
TOTAL LIABILITIES	147,922	164,490
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Changes in net pension liability (Note 7)	1,393	1,504
Changes in the total OPEB liability (Note 8)	434	481
Total Deferred Inflows of Resources	1,827	1,985
<u>NET POSITION</u>		
Net investment in capital assets	69,550	106,494
Unrestricted	506,876	468,465
TOTAL NET POSITION	\$ 576,426	\$ 574,959

See accompanying notes to the financial statements.

CITY OF RIO VISTA TRANSIT FUND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED
JUNE 30, 2021 and 2020

	2021	2020
<u>OPERATING REVENUES</u>		
Charges for services	\$ 4,829	\$ 13,935
TDA operating grants	345,774	375,715
FTA operating grants	200,299	247,748
Total Operating Revenues	550,902	637,398
<u>OPERATING EXPENSES</u>		
Salaries and benefits	30,660	29,401
Office supplies and expenses	35,799	48,267
Maintenance and operation	7,323	13,467
Contractual services	417,341	402,797
Insurance	9,845	5,799
Depreciation	36,944	31,991
Total Operating Expenses	537,912	531,722
Operating Income	12,990	105,676
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Interest revenue	477	1,595
Loss on asset disposal	-	(37,287)
Total Nonoperating Revenues (Expenses)	477	(35,692)
Income Before Transfers and Contributions	13,467	69,984
<u>TRANSFERS AND CONTRIBUTIONS</u>		
TDA capital grants	-	18,046
FTA capital grants	-	77,186
Transfers in from other funds of the City	-	8,000
Transfers out to other funds of the City	(12,000)	(20,000)
Total Transfers and Contributions	(12,000)	83,232
CHANGE IN NET POSITION	1,467	153,216
NET POSITION, BEGINNING OF YEAR	574,959	421,743
NET POSITION, END OF YEAR	\$ 576,426	\$ 574,959

See accompanying notes to the financial statements.

CITY OF RIO VISTA TRANSIT FUND
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED
JUNE 30, 2021 and 2020

	2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from customers and users	\$ 458,620	\$ 447,464
Payments to suppliers	(494,653)	(470,514)
Payments to employees	(24,604)	(21,898)
Cash Flows Used For Operating Activities	(60,637)	(44,948)
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Transfers to other funds of the City	(12,000)	(12,000)
Cash Flows Used For Noncapital Financing Activities	(12,000)	(12,000)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Acquisition of capital assets	-	(95,232)
Capital contributions	-	95,232
Cash Flows Provided by Capital and Related Financing Activities	-	-
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest and dividends	606	1,745
Cash Flows Provided by Investing Activities	606	1,745
NET DECREASE IN CASH AND CASH EQUIVALENTS	(72,031)	(55,203)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	305,528	360,731
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 233,497	\$ 305,528
<u>RECONCILIATION OF NET INCOME FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES</u>		
Net Income from operations	\$ 12,990	\$ 105,676
Adjustments to reconcile net income from operations to net cash used for operating activities:		
Depreciation	36,944	31,991
Pension and OPEB expense	5,175	6,964
Change in operating assets and liabilities:		
Accounts receivable	(92,282)	(189,934)
Prepaid expenses	-	500
Accounts payable	(24,345)	(684)
Salaries and benefits payable	119	85
Compensated absences	762	454
NET CASH USED FOR OPERATING ACTIVITIES	\$ (60,637)	\$ (44,948)

See accompanying notes to the financial statements.

**CITY OF RIO VISTA TRANSIT FUND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Rio Vista (City) accounts for California Transportation Development Act (TDA) monies in the Transit Enterprise Fund. This fund is a part of the City and not a separate legal entity. These financial statements are not intended to reflect the financial position, changes in financial position and cash flows, where applicable, of the City in accordance with accounting principles generally accepted in the United States of America.

The Transit Enterprise Fund's operations do not generate sufficient fares to cover the operating expenses. Expenses incurred in excess of these revenues, interest and other revenues are reimbursed with grant funds. The operations are subsidized by Federal and State grants programmed by the Solano Transportation Authority, which is the regional coordinating agency for State of California Transportation Development Act grants.

B. Basis of Presentation

The basic financial statements of the TDA Fund have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles followed by governmental entities in the United States of America.

These standards require that the financial statements described below be presented.

Government-wide Financial Statements

The Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position include all of the activities of the City's Transit Fund. The Transit fund's resources are allocated to and accounted for in these basic financial statements as an enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. The Transit fund's net position are reported in three parts: net investment in capital assets; restricted net position; and unrestricted net position. The Transit fund first utilizes restricted resources to finance qualifying activities.

The Statement of Revenues, Expenses, and Changes in Net Position includes business-type activities that are presented using 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 the economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses consists of those revenues and expenses that result from the ongoing principal operations of the Transit fund. Operating revenues consist primarily of charges for services and operating grants. Operating expenses consist of the cost of services, vehicle maintenance, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements regardless of the measurement focus applied.

All proprietary funds are reported using the *economic resources* measurement focus and the *full accrual* basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

CITY OF RIO VISTA TRANSIT FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2021 and 2020

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Those revenues susceptible to accrual include taxes, intergovernmental revenues, interest and charges for services.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the Transit fund may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The Transit fund's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

D. Cash and Cash Equivalents

The Transit fund pools its cash and investments with the City of Rio Vista. The cash and investment balance in the fund represents the fund's equity share of the City's cash and investment pool.

The Transit fund's investments are carried at fair value. The fair value of equity and debt securities is determined based on sales prices or bid-and-asked quotations from SEC-registered securities exchanges or NASDAQ dealers. The Local Agency Investment Fund (LAIF) determines the fair value of their portfolio quarterly and reports a factor to the City; the City applies that factor to convert its share of LAIF from amortized cost to fair value. This amount is included in cash and cash equivalents in the Statement of Net Position. Changes in fair value are allocated to each participating fund.

Interest income earned on pooled cash and investments is allocated monthly to the various funds based on month-end balances and is adjusted at fiscal year-end. Interest income on restricted cash and investments with fiscal agents is credited directly to the related fund.

For purposes of cash flow, the Transit fund considers cash and investments in the City of Rio Vista's investment pool with original maturities of three months or less from the date of acquisition to be cash and cash equivalents.

E. Capital Assets

Assets with an initial, individual cost of \$5,000 or more and a useful life of one year or more are capitalized. Assets acquired with grant funds may be capitalized even though their individual cost is less than \$5,000. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Revenues, Expenses, and Changes in Net Position, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Structures and improvements	5 - 20 years
Machinery and equipment	5 - 20 years
Vehicles	5 - 12 years

F. Compensated Absences

A total of 12 to 25 days' vacation and 12 days' sick leave per year may be accumulated by each employee; however, employees are not paid for accumulated sick leave in excess of 60 days upon retirement or other termination after completion of three years of service. Each employee may accumulate a maximum of 50 days of vacation.

G. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position, or balance sheet, will sometimes report a section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will be recognized as an outflow of resources (expense/expenditure) until then.

CITY OF RIO VISTA TRANSIT FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2021 and 2020

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the Statement of Net Position, or balance sheet, will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will be recognized as an inflow of resources (revenue) until that time.

H. Pension Plan

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 City's California Public Employees' Retirement System (CalPERS) plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by 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 (OPEB)

For purposes of measuring the total 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 City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

J. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles required 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 expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: CASH AND INVESTMENTS

The Transit fund participates in the City's cash and investment pool. These balances are stated at fair value. The Transit fund's share of the cash and investment pool is separately accounted for and interest earned is apportioned quarterly based upon the relationship of its average monthly cash balance to the total of the pooled cash and investments. The value of pool shares in the City that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the Transit fund's position in the pool. Cash and investments as of June 30, 2021 and 2020 totaled \$233,497 and \$305,528, respectively, and consisted of cash and investments pooled with the City of Rio Vista. Of these balances, \$3,147 and \$3,121 as of June 30, 2021 and 2020, respectively, were invested in the Local Agency Investment Fund.

**CITY OF RIO VISTA TRANSIT FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2021 and 2020**

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized by the City's investment policy. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Credit Quality</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in one Issuer</u>
U.S. Treasury Bills, Notes and Bonds	(A)	N/A	No limit	No limit
U.S. Government-Sponsored Enterprise Agencies:				
Government National Mortgage Association	5 years	N/A	No limit	No limit
Federal National Mortgage Association	5 years	N/A	No limit	No limit
Federal Home Loan Mortgage Corporation	5 years	N/A	No limit	No limit
Federal Home Loan Bank	5 years	N/A	No limit	No limit
Certificates of Deposit	5 years	N/A	50%	(B)
Medium-Term Notes	5 years	A	30%	No limit
California Local Agency Investment Fund	N/A	N/A	No limit	\$40,000,000 per account
Passbook Savings Account Demand Deposits	N/A	N/A	No limit	No limit
Money Market Accounts	N/A	N/A	No limit	No limit

(A) Maximum maturities of 5 years or greater with specific City Council approval

(B) \$100,000 unless collateralized by eligible securities as provided by California Governmental Code Sections 53651 and 53652.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City's interest rate risk is mitigated is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The Transit fund and the City had no investments that were highly sensitive to interest rate fluctuations as of June 30, 2021 and 2020.

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The Transit fund pools its cash and investments with the City. See the City of Rio Vista's annual financial report for information relating to concentration of credit risk for amounts reported as cash and investments pooled with the City.

CITY OF RIO VISTA TRANSIT FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2021 and 2020

NOTE 2: CASH AND INVESTMENTS (Continued)

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Transit Fund's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by the LAIF for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on an amortized cost basis. The maturities related to LAIF investments, as well as the corresponding fair value hierarchy of these investments, can be found in the City of Rio Vista's annual financial report.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure agency's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The Transit fund pools its cash with the City of Rio Vista including deposit accounts. See the City of Rio Vista's annual financial report for information relating to custodial credit risk for amounts reported as cash and investments pooled with the City.

NOTE 3: CAPITAL ASSETS

Capital asset activity consisted of the following for the year ended June 30, 2021:

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2021</u>
Capital assets, being depreciated:				
Vehicles	\$ 410,433	\$ -	\$ -	\$ 410,433
Less accumulated depreciation for:				
Vehicles	(303,939)	(36,944)	-	(340,883)
Total capital assets being depreciated, net	<u>\$ 106,494</u>	<u>\$ (36,944)</u>	<u>\$ -</u>	<u>\$ 69,550</u>

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

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2020</u>
Capital assets, being depreciated:				
Vehicles	\$ 404,690	\$ 95,232	\$ (89,489)	\$ 410,433
Less accumulated depreciation for:				
Vehicles	(324,150)	(31,991)	52,202	(303,939)
Total capital assets being depreciated, net	<u>\$ 80,540</u>	<u>\$ 63,241</u>	<u>\$ (37,287)</u>	<u>\$ 106,494</u>

Depreciation expense for the years ended June 30, 2021 and 2020 totaled \$36,944 and \$31,991, respectively.

CITY OF RIO VISTA TRANSIT FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2021 and 2020

NOTE 4: ACCOUNTS RECEIVABLE

Receivables represent grant revenues due from other governments. Receivables are recorded and revenues are recognized as earned or as specific program expenditures are incurred.

NOTE 5: COMPENSATED ABSENCES

The liabilities for vacation leave and other compensated absences, excluding sick leave, are accrued when the benefits are earned by the employee if the leave is attributable to past service and it is probable that the employer will compensate the employee through paid time off or some other means, such as cash payments at termination or retirement. As of June 30, 2021, the Fund had accrued \$2,997 in compensated absences, \$653 of which is expected to be paid out within a year. Similarly, as of June 30, 2020, the Fund had accrued \$2,235 in compensated absences, \$515 of which was expected to be paid out in the year ended June 30, 2021.

NOTE 6: TRANSFERS TO/ FROM THE CITY

In fiscal year 2021, the transfers to other funds of the City included a \$12,000 transfer from the Transit Fund to the City's Northwest Water Treatment Plant fund for rent of an office space. There were no transfers from other funds of the City to the Transit Fund during the year ended June 30, 2021.

In fiscal year 2020, the transfers to other funds of the City included a \$8,000 transfer to the General Fund and a \$12,000 transfer from the Transit Fund to the City's Northwest Water Treatment Plant fund for rent of an office space. Transfers from other funds of the City included a \$8,000 transfer from the City's General Fund to the Transit Fund for their share of the office rent.

NOTE 7: DEFINED BENEFIT PENSION PLAN

The Transit Fund's employees are eligible to participate in the City's California Public Employees' Retirement System (CalPERS) plan. For the year ended June 30, 2021, the Transit Fund recorded a net pension liability of \$21,414. Deferred outflows and inflows related to changes in the net pension liability were recorded totaling \$5,210 and \$1,393, respectively. For the year ended June 30, 2020, the Transit Fund recorded a net pension liability of \$15,314. Deferred outflows and inflows related to changes in the net pension liability were recorded totaling \$3,997 and \$1,504 respectively. Additional information regarding the City's defined benefit pension plan can be found in the City of Rio Vista's annual financial report.

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The Transit Fund's employees are eligible to participate in the City's health, dental, and vision programs provided the retiree pays his or her entire premium, less the employer mandatory contribution. For the year ended June 30, 2021, the Transit Fund recorded a total OPEB liability of \$4,622. Deferred outflows and inflows related to changes in the total OPEB liability were recorded totaling \$678 and \$434, respectively. For the year ended June 30, 2020, the Transit Fund recorded a total OPEB liability of \$3,826. Deferred outflows and inflows related to changes in the total OPEB liability were recorded totaling \$328 and \$481, respectively. Additional information regarding the City's Other Post-Employment Benefits (OPEB) can be found in the City of Rio Vista's annual financial report.

**CITY OF RIO VISTA TRANSIT FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2021 and 2020**

NOTE 9: CONTINGENCIES

The Transit Fund participates in Federal and State grant programs. These programs are subject to further examination by the grantors and the amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

Worldwide Public Health Emergency - Coronavirus (COVID-19) Outbreak

The World Health Organization declared the worldwide coronavirus (COVID-19) outbreak a public health emergency on January 30, 2020 and officially declared it a pandemic as of March 11, 2020. The City has performed an evaluation of certain financial statement line items such as accounts receivable, investments, notes payable, net pension liability, and other post employment benefit obligations to determine whether valuation of impairment adjustments should be made. The City has determined that the amounts reported on the Transit Fund's financial statements are properly valued as of June 30, 2021. However, since the duration and full effects of the COVID-19 outbreak are yet unknown there could be future negative impacts to Transit Fund's financial position that have yet to be determined.

NOTE 10: TRANSIT COMPLIANCE

TDA claimants are required by the Metropolitan Transportation Commission to maintain either a 10% farebox recovery ratio (under Article 4), or the 50% limitation (under Article 8).

For the years ended June 30, 2021 and 2020, TDA funds did not meet the 10% fare revenue ratio. The calculation of the fare revenue ratio is as follows:

<u>Farebox Recovery Ratio</u>	<u>2021</u>	<u>2020</u>
Fare revenue	\$ 5,306	\$ 23,530
Operating expenses	446,837	450,858
Less: depreciation	<u>(36,944)</u>	<u>(31,991)</u>
Net operating expenses	\$ 409,893	\$ 418,867
Fare revenue ratio	<u>1.29 %</u>	<u>5.62 %</u>

Under AB 90, enacted on June 29, 2020, the State of California temporarily suspended the farebox recovery requirement effective for the years ended June 30, 2021 and 2020. As described in the Legislative Counsel's Digest for AB 90: "If an operator was allocated funds from a local transportation fund during a fiscal year in which it did not maintain the required ratio of fare revenues to operating cost, existing law requires the operator's eligibility to receive these monies and specified allocations under the State Transit Assistance Program to be reduced during a subsequent penalty year by the amount of the difference between the required fare revenues and the actual fare revenues collected for the fiscal year that the required ratio was not maintained. This bill would prohibit the imposition of this penalty on an operator that does not maintain the required ratio of fare revenues to operating cost during the 2019-20 or 2020-21 fiscal year."

NOTE 11: CONCENTRATIONS

The Transit Fund of the City receives a substantial amount of its support from a statewide retail sales tax from the Local Transportation Fund created by the TDA. A significant reduction in the level of this support, if this was to occur, may have a significant effect on the Transit Fund's activities.



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

To the City Council
City of Rio Vista

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 Transit Fund of the City of Rio Vista (Transit Fund), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Transit Fund's basic financial statements, and have issued our report thereon dated December 2, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Mann, Urrutia, Nelson CPAs

Sacramento, California
December 2, 2021



REPORT ON COMPLIANCE WITH THE TRANSPORTATION DEVELOPMENT ACT

To the City Council
City of Rio Vista
Rio Vista, California

We have audited the accompanying financial statements of the Transit Fund of the City of Rio Vista (Transit Fund), as of June 30, 2021, and for the year then ended, and have issued our report thereon dated December 2, 2021. 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.

As part of obtaining reasonable assurance about whether the Transit Fund'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 allocations authorized by the Solano Transportation Authority were received and expensed in accordance with the allocation instructions and resolutions of the Agency and in conformance with the California Transportation Development Act. Specifically, we performed tasks identified in the California Code of Regulations Sections 6666 and 6667 that are applicable to the Transit Fund.

In connection with our audit, we found the financial statements of the Transit Fund of the City of Rio Vista to be in compliance with the rules and regulations of the Transportation Development Act. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

This report is intended solely for the information and use of management of the Transportation Development Act Funds allocated to the City of Rio Vista, the Solano Transportation Authority, the California Department of Transportation, and the State Controller's Office and is not intended to be and should not be used by anyone other than these specified parties.

Mann, Urrutia, Nelson CPAs

Sacramento, California
December 2, 2021