

**EASTERN SIERRA TRANSIT AUTHORITY**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2023**



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**EASTERN SIERRA TRANSIT AUTHORITY  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2023**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>4</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION</b>	<b>8</b>
<b>STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>	<b>9</b>
<b>STATEMENT OF CASH FLOWS</b>	<b>10</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>12</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<b>SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS</b>	<b>25</b>
<b>SCHEDULE OF ESTA'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS</b>	<b>26</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	<b>27</b>
<b>NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	<b>28</b>
<b>REPORTS ON INTERNAL CONTROL AND COMPLIANCE</b>	
<b>INDEPENDENT AUDITORS' 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</b>	<b>29</b>
<b>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 AND THE ALLOCATION INSTRUCTIONS AND RESOLUTIONS OF THE LOCAL TRANSPORTATION COMMISSION</b>	<b>31</b>
<b>INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE</b>	<b>32</b>
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b>	<b>35</b>



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Eastern Sierra Transit Authority  
Bishop, California

### **Report on the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Eastern Sierra Transit Authority (ESTA), which comprise the statement of net position as of June 30, 2023, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ESTA as of June 30, 2023, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of ESTA's proportionate share of the net pension liability and schedule of contributions, and other postemployment benefits (OPEB) plan schedule of changes in ESTA's net OPEB liability and related ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the ESTA's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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. The 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 GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2024, on our consideration of ESTA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ESTA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ESTA's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Roseville, California  
January 19, 2024

**EASTERN SIERRA TRANSIT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

The following Management's Discussion and Analysis (MD&A) of the Eastern Sierra Transit Authority (ESTA) financial performance provides an introduction to the financial statements for the year ended June 30, 2023. The information contained in this MD&A should be considered in conjunction with the information contained in ESTA's financial statements.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

ESTA's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board. ESTA is structured as an enterprise fund. ESTA's revenues are recognized when earned, not when received. Expenses are recognized when incurred, not when paid. Capital assets are capitalized and, with the exception of land, are depreciated over their useful lives. See the notes to the financial statements for a summary of ESTA's significant accounting policies.

Following this discussion and analysis are the basic financial statements of ESTA.

ESTA's basic financial statements are designed to provide readers with a broad overview of ESTA's financial status.

*The statement of net position* presents information on all of ESTA's assets and deferred outflows of resources and liabilities and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of ESTA's financial position.

$$\text{Net Position} = (\text{Assets} + \text{Deferred Outflows of Resources}) - (\text{Liabilities} + \text{Deferred Inflows of Resources})$$

*The statement of revenues, expenses, and changes in net position* presents information showing the change in ESTA's net position during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of timing of related cash flows. Thus, revenues and expenses are recorded and reported in this statement for some items that will result in cash flows in future periods.

*The statement of cash flows* relates to the flows of cash and cash equivalents. Consequently, only transactions that affect ESTA's cash accounts are recorded in this statement. A reconciliation of the statement of cash flows is provided at the bottom of the statement to assist in understanding the difference between cash flows from operating activities and operating income.

*The notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**EASTERN SIERRA TRANSIT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**FINANCIAL HIGHLIGHTS**

On June 30, 2023, the assets and deferred outflows of ESTA exceeded its liabilities and deferred inflows by \$9,693,795 (net position). Of this amount, \$7,854,650 (unrestricted net position) may be used to meet ESTA's ongoing obligations to citizens and creditors, and \$1,839,145 is ESTA's investment in capital assets.

ESTA's capital assets (e.g., land, infrastructure, and equipment) increased by \$636,044 due to capital asset additions offset by the annual depreciation of existing assets.

Long-term liabilities increased by \$405,084 due to a change from a net pension asset to net pension liability during the year offset by a decrease in other post-employment benefits and unearned revenue of \$67,737 and \$125,243, respectively.

**FINANCIAL POSITION**

**Condensed Statement of Net Position**

	<u>2023</u>	<u>2022</u>	<u>Variance</u>	<u>Change</u>
Assets:				
Current and Other Assets	\$ 9,399,814	\$ 9,043,414	3.94 %	\$ 356,400
Capital Assets	<u>1,839,145</u>	<u>1,203,101</u>	<u>52.87 %</u>	<u>636,044</u>
Total Assets	<u>11,238,959</u>	<u>10,246,515</u>	<u>9.69 %</u>	<u>992,444</u>
Deferred Outflows	966,536	757,317	27.63 %	209,219
Liabilities:				
Current Liabilities	658,633	529,262	24.44 %	129,371
Long-Term Liabilities	<u>999,428</u>	<u>594,344</u>	<u>68.16 %</u>	<u>405,084</u>
Total Liabilities	<u>1,658,061</u>	<u>1,123,606</u>	<u>47.57 %</u>	<u>534,455</u>
Deferred Inflows	<u>853,639</u>	<u>851,190</u>	<u>0.29 %</u>	<u>2,449</u>
Net Position:				
Investment in Capital Assets	1,839,145	1,203,101	52.87 %	636,044
Unrestricted	<u>7,854,650</u>	<u>7,825,935</u>	<u>0.37 %</u>	<u>28,715</u>
Total Net Position	<u>\$ 9,693,795</u>	<u>\$ 9,029,036</u>	<u>7.36 %</u>	<u>\$ 664,759</u>

As shown in the schedule above, at June 30, 2023, ESTA's total assets are \$11,238,959. The total assets held increased by \$992,444 from the June 30, 2022 balance of \$10,246,515. The increase in total assets was due primarily to an increase in cash, and capital assets net of accumulated depreciation, offset by the change from net pension asset to a net pension liability of \$598,064 in the current year. Deferred outflows of \$966,536 represent contributions made by ESTA during fiscal year 2022/23 after the pension and OPEB liability measurement date of June 30, 2022 and other pension related deferred outflows.

**EASTERN SIERRA TRANSIT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

The largest portion of ESTA's net position reflects its unrestricted portion. These funds may be used to meet ESTA's ongoing obligations to citizens and creditors.

**Changes in Net Position  
Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>	<u>Variance</u>	<u>Change</u>
Revenues:				
Operating	\$ 2,165,759	\$ 2,141,316	1.14%	\$ 24,443
Nonoperating	4,849,639	4,746,439	2.17%	103,200
Total Revenues	<u>7,015,398</u>	<u>6,887,755</u>	1.85%	127,643
Expenses:				
Operating Expenses	<u>6,818,502</u>	<u>4,762,338</u>	43.18 %	2,056,164
Capital Contributions	<u>467,863</u>	<u>19,118</u>	2347.24 %	448,745
Change in Net Position	664,759	2,144,535	69.00 %	(1,479,776)
Net Position - Beginning	<u>9,029,036</u>	<u>6,884,501</u>	31.15%	2,144,535
Net Position - Ending	<u><u>\$ 9,693,795</u></u>	<u><u>\$ 9,029,036</u></u>	7.36%	<u><u>\$ 664,759</u></u>

*Revenues* – ESTA's revenues for fiscal year 2022/23 increased by 1.85% or \$127,643.

*Expenses* – ESTA's expenses for fiscal year 2022/23 increased 43.18% or \$2,056,164. Operating expenses increased primarily due to pension expense.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

*Capital Assets* – ESTA's investment in capital assets as of June 30, 2023 amounted to \$1,839,145 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, and equipment. The \$636,044 increase is due to a large amount of capital asset additions in the current year primarily from replacing an old fleet of busses.

*Additional information on ESTA's capital assets can be found in Note 3 of this report.*

*Long-term liabilities* – At June 30, 2023, ESTA reported \$999,428 related to net pension and OPEB liabilities.

*Additional information on ESTA's long-term liabilities can be found in Notes 6 and 7 of this report.*



**EASTERN SIERRA TRANSIT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Eastern Sierra Transit is slowly recovering from the negative effects of the pandemic. Ridership and revenues are approaching pre-pandemic levels. However, there is room for growth in our service.

The primary economic factors effecting ESTA are inflation, fuel prices, maintenance costs, and labor. The manpower deficiency is currently improved with ESTA being fully staffed. Inflation declined from 8% in 2022 to 2.4% in 2023. We need to keep a close eye on expenditures as we have seen 50-100% increase in prices.

ESTA's primary assets, the vehicles, are slowly being replaced. With limited infrastructure and mechanical support in the region, the transition to zero emission vehicles is happening at a slower rate. Diesel and gas vehicles are still being actively purchased.

ESTA's new Bishop facility is being planned as we wait for the Los Angeles Department of Water and Power to release the land for the project.

Finally, revenues remain strong and are expected to keep up with expenses. Federal, state, and fares are all forecasted to sufficient levels. Still, with potentially volatile economic conditions, a conservative approach to growth is advised.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of ESTA's finances for all those with an interest in ESTA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Eastern Sierra Transit Authority Executive Director, at P.O. Box 1357, Bishop, CA 93515 or the Inyo County Auditor-Controller at P.O. Drawer R, Independence, CA 93526.

**EASTERN SIERRA TRANSIT AUTHORITY  
STATEMENT OF NET POSITION  
JUNE 30, 2023**

**ASSETS AND DEFERRED  
OUTFLOWS OF RESOURCES**

**CURRENT ASSETS**

Cash	7,638,129
Accounts Receivable	995,078
Due From Other Governments	430,161
Interest Receivable	342
Prepaid Expenses	336,104
Total Current Assets	9,399,814

**CAPITAL ASSETS, Net of Accumulated Depreciation**

1,839,145

Total Assets

11,238,959

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Other Postemployment Benefits	142,789
Deferred Pensions	823,747
Total Deferred Outflows of Resources	966,536

**LIABILITIES, DEFERRED INFLOWS OF  
RESOURCES, AND NET POSITION**

**CURRENT LIABILITIES**

Accounts Payable and Accrued Liabilities	282,184
Salaries Payable	112,496
Compensated Absences	263,953
Total Current Liabilities	658,633

**NONCURRENT LIABILITIES**

Net Other Post Employment Benefits Liability	401,364
Net Pension Liability	598,064
Total Noncurrent Liabilities	999,428

Total Liabilities

1,658,061

**DEFERRED INFLOWS OF RESOURCES**

Deferred Other Postemployment Benefits	713,306
Deferred Pensions	140,333
Total Deferred Inflows of Resources	853,639

**NET POSITION**

Investment in Capital Assets	1,839,145
Unrestricted	7,854,650
Total Net Position	\$ 9,693,795

See accompanying Notes to Financial Statements.

**EASTERN SIERRA TRANSIT AUTHORITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2023**

<b>OPERATING REVENUES</b>	
Fare Revenues	\$ 2,165,759
<b>OPERATING EXPENSES</b>	
Salaries and Benefits	4,141,355
Vehicle Maintenance	816,081
Fuel	690,677
Depreciation Expense	212,013
Professional and Other Services	239,065
Rents	201,021
Insurance	190,893
Parts and Supplies	89,817
Utilities	145,275
Advertising	38,180
Miscellaneous Expenses	54,125
Total Operating Expenses	<u>6,818,502</u>
<b>OPERATING LOSS</b>	(4,652,743)
<b>NONOPERATING REVENUES</b>	
Local Transportation Fund Allocation	2,001,919
State Transit Assistance Fund Allocation	835,519
Intergovernmental Revenues	1,386,209
Operating Assistance	839,974
Other Revenues	69,874
Use of Money and Property	<u>(283,856)</u>
Total Nonoperating Revenues	<u>4,849,639</u>
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	196,896
<b>CAPITAL CONTRIBUTIONS</b>	<u>467,863</u>
<b>CHANGE IN NET POSITION</b>	664,759
Net Position - Beginning of Year	<u>9,029,036</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 9,693,795</u></u>

See accompanying Notes to the Financial Statements.

**EASTERN SIERRA TRANSIT AUTHORITY  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2023**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from Customers	\$ 1,701,292
Cash Payments to Suppliers of Goods or Services	(2,445,695)
Cash Payments to Employees for Services	<u>(3,420,357)</u>
Net Cash Used by Operating Activities	<u>(4,164,760)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Losses for Use of Money and Property	<u>(283,358)</u>
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**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Local Transportation Fund Allocation	2,001,919
State Transit Assistance Allocation	835,519
Operating Grants - Federal and State	1,386,209
Operating Assistance	1,312,748
Other Revenues	<u>69,874</u>
Net Cash Provided by Noncapital Financing Activities	5,606,269

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Capital Grants	467,863
Payments for Capital Asset Purchases	<u>(848,057)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(380,194)</u>

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

777,957

Cash and Cash Equivalents - Beginning of Year

6,860,172

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 7,638,129

*See accompanying Notes to the Financial Statements.*

**EASTERN SIERRA TRANSIT AUTHORITY  
STATEMENT OF CASH FLOWS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

**RECONCILIATION OF OPERATING LOSS TO NET CASH  
USED BY OPERATING ACTIVITIES**

Operating Income (Loss)	\$ (4,652,743)
Adjustments to Reconcile Operating Loss to Net Cash	
Used by Operating Activities:	
Depreciation	212,013
(Increase) Decrease in Assets:	
Accounts Receivable	(339,224)
Prepaid Expense	(20,539)
Deferred Pensions	(223,148)
Deferred OPEB	13,929
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Liabilities	39,978
Salaries Payable	89,393
Unearned Revenue	(125,243)
Net Other Postemployment Liability	(67,737)
Net Pension Liability	906,112
Deferred Pensions	13,631
Deferred Other Postemployment Benefits	(11,182)
Net Cash Used by Operating Activities	<u>\$ (4,164,760)</u>

See accompanying Notes to the Financial Statements.

**EASTERN SIERRA TRANSIT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Eastern Sierra Transit Authority (ESTA) was established in 2007 by a joint powers agreement between Inyo County, Mono County, the City of Bishop, and the Town of Mammoth Lakes to operate a regional transportation system in the Eastern Sierra region.

**Basis of Presentation**

ESTA reports the activity relevant to its operations in an enterprise fund. The enterprise fund is 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 or 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. Unrestricted net position for the enterprise fund represents the net position available for future operations.

**Measurement Focus and Basis of Accounting**

Accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund is accounted for on a flow of economic resources measurement focus. This measurement focus emphasizes the determination of increased/decreased net position. The accrual basis of accounting is used for the enterprise fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

*Operating Revenues* – Revenues from the sale of tickets and passenger rides are recognized as income when the related service is provided.

*Nonoperating Revenues* – ESTA receives substantial funds that are not reported as operating revenues. For example, ESTA receives operating assistance from the Town of Mammoth Lakes. These funds are recognized as revenue when all applicable eligibility requirements are met. ESTA receives annual allocations from the Local Transportation and State Transit Assistance funds of the two counties it provides services in. These allocations are recognized as revenue when the allocations are approved. ESTA also receives a number of grants from various sources. These are recognized into income as eligibility requirements are met.

The following is a description of ESTA's main funding sources:

**Passenger Revenue**

Passenger fares consist of fare charges to the users of the system. Including revenue from a contract with Mammoth Mountain Ski Resort.

**EASTERN SIERRA TRANSIT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus and Basis of Accounting (Continued)**

Operating Assistance

As mentioned above, the Town of Mammoth Lakes, a member of the Joint Powers Authority, provides operating assistance to ESTA. These revenues are not included as a component of fare revenues, but instead are reported as nonoperating revenues.

Federal Transit Administration (FTA)

FTA revenues are funded by a federal gas tax and revenues of the federal general fund. ESTA receives Section 5311 grants which are used for operations. Section 5310 funding is used for Non-Emergency Medical Program.

Local Transportation Fund (LTF)

LTF is derived from a ¼ cent of the general sales tax collected statewide. The State Board of Equalization, based on sales tax collected in each county, returns the general sales tax revenues to each county's LTF. Each county then apportions the LTF funds within the county based on population.

State Transit Assistance (STA)

STA funds are appropriated by the legislature to the State Controller's Office (SCO). The SCO then allocates the tax revenue, by formula, to planning agencies and other selected agencies. Statute requires that 50% of STA funds be allocated according to population and 50% be allocated according to transit operator revenues from the prior fiscal year.

**Budgetary Information**

State law requires the adoption of an annual budget for the enterprise fund, which must be approved by the Board of Directors. The budget is prepared on an accrual basis. The Board of Directors adopts an annual budget for transit operations. The executive director shall have the authority to transfer funds between line items, not to exceed \$5,000 or 20% for any one line item, whichever is greater, with the limits of the overall budget. The executive director shall report, on a regular basis, any such transfers to and from budgeted line items. Budget amendments in excess of \$5,000 or 20% of a line item, whichever is greater, shall require board approval.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, ESTA considers the cash held in the County Treasury, its only investments, to be cash and cash equivalents.

**Investments**

Investments consist of funds deposited in the pooled fund with Inyo County. Investments are stated at market value. Such investments are within the state statutes and ESTA's investment policy.

**EASTERN SIERRA TRANSIT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Prepaid Items**

Payments made for services that will benefit future accounting periods are recorded as prepaid items.

**Capital Assets**

Capital assets are stated at historical cost. The cost of normal maintenance and repairs is charged to operations as incurred. Major improvements are capitalized and depreciated over the remaining useful lives of the related properties. Depreciation is computed using the straight-line method over estimated useful lives as follows:

Buildings and Improvements	40 to 50 Years
Buses and Maintenance Vehicles	5 to 12 Years
Light-Rail Structures and Light-Rail Vehicles	25 to 45 Years
Other Operating Equipment	5 to 15 Years

It is the policy of ESTA to capitalize all capital assets with an individual cost of more than \$5,000, and a useful life in excess of one year.

**Compensated Absences**

ESTA's policy allows employees to accumulate earned but unused comprehensive leave and compensated time off, which will be paid to employees upon separation from ESTA's service.

**Pensions**

For purposes of measuring the net pension liability (asset) and deferred outflows/inflows of resources related to pensions, and pension expense (credit), information about the fiduciary net position of the ESTA's California Public Employees' Retirement system (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. ESTA has two items that qualify for reporting in this category. These items relate to the outflows from changes in the net pension liability and from other postemployment benefits (OPEB) liability and are reportable on the statement of net position.



**EASTERN SIERRA TRANSIT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Outflows/Inflows of Resources (Continued)**

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. ESTA has two types of items which qualify for reporting in this category. These items relate to inflows from changes in the net pension and OPEB liabilities and are reportable on the statement of net position.

**Net Other Postemployment Benefits (OPEB)**

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense (credit), information about the fiduciary net position of the ESTA's Public Agency Retirement Services (PARS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by PARS. 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.

**Federal, State, and Local Grant Funds**

Grants are accounted for in accordance with the purpose for which the funds are intended. Approved grants for the acquisition of land, building, and equipment are recorded as revenues as the related expenses are incurred. Approved grants for operating assistance are recorded as revenues in which the related grant conditions are met. Advances received on grants are recorded as a liability until related grant conditions are met. The Transportation Development Act (TDA) provides that any funds not earned and not used may be required to be returned to their source.

When both restricted and unrestricted resources are available for the same purpose ESTA uses restricted resources first.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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.

**Allowance for Doubtful Accounts**

Accounts receivables consist entirely of amounts due from other governmental agencies for operating and capital grants. Management believes its accounts receivable to be fully collectible, and, accordingly, no allowance for doubtful accounts is required.

**EASTERN SIERRA TRANSIT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 CASH AND INVESTMENTS**

Cash and investments consisted of the following at June 30, 2023:

Deposits Held in the County of Inyo Investment Pool	\$ 7,566,736
Deposits Held in Financial Institutions	71,193
Imprest Cash	200
Total	<u>\$ 7,638,129</u>

**Custodial Credit Risk**

At June 30, 2023, the carrying amount of the deposits held at banks was \$71,193 and the bank balances totaled \$71,193. The bank balances are insured by the FDIC up to \$250,000. State law requires that the collateral be equal to or greater than 100% of all public deposit that is held with the pledging financial institution if government securities are used or 150% if mortgages are used as the collateral.

**Authorized Investments**

California statutes authorize ESTA to invest idle or surplus funds in a variety of credit instruments as provided for in California Government Code Section 53600, Chapter 4 – *Financial Affairs*.

The Government Code allows investments in the following instruments:

- Securities of the United States government, or its agencies
- Small Business Administration loans
- Certificates of Deposit (or Time Deposits) Negotiable Certificates of Deposit
- Commercial paper and medium-term corporate notes
- Local Agency Investment Fund (State Pool and County Pool) Demand Deposits
- Repurchase Agreements (Repos)
- Passbook Savings Account Demand Deposits
- Reverse Repurchase Agreements
- County Cash Pool

The bulk of ESTA's assets are held in an investment pool with the County of Inyo. More information about the County's investments can be found in the County's financial statements.

**Cash in County Treasury**

Cash in Inyo County is held by the Inyo County treasurer in an investment pool. The County maintains a cash and investment pool in order to facilitate the management of cash. Cash in excess of current requirements is invested in various interest-bearing securities. Information regarding categorization and fair value of investments can be found in the County's financial statements. The treasurer's investments and policies are overseen by the Inyo County Treasury Oversight Committee.

**EASTERN SIERRA TRANSIT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Cash in County Treasury (Continued)**

Government Accounting Standards Board Statement No. 40 requires additional disclosures about a government's deposits and investment risks that include custodial risk, credit risk, concentration risk, and interest rate. ESTA did not have a deposit or investment policy that addresses specific types of risks.

Required risk disclosures for ESTA's investment in the Inyo County Investment Pool at June 30, 2023 were as follows:

Credit Risk	Not Rated
Custodial Risk	Not Applicable
Concentration of Credit Risk	Not Applicable
Interest Rate Risk	Not Available

The fair value of ESTA's investment in the Inyo County Investment Pool is determined on an amortized cost basis which approximates fair value.

**NOTE 3 CAPITAL ASSETS**

Capital assets consisted of the following at June 30, 2023:

	Balance 7/1/2021	Additions	Deletions	Transfers	Balance 6/30/2022
Capital Assets, Being Depreciated:					
Structures and Improvements	\$ 659,646		\$ -	\$ -	\$ 659,646
Equipment	9,633,573	848,057	(990)	-	10,480,640
Total Capital Assets, Being Depreciated	10,293,219	848,057	(990)	-	11,140,286
Less Accumulated Depreciation for:					
Structures and Improvements	(125,701)	(19,360)	-	-	(145,061)
Equipment	(8,964,417)	(192,653)	990	-	(9,156,080)
Total Accumulated Depreciation	(9,090,118)	(212,013)	990	-	(9,301,141)
Capital Assets, Net	\$ 1,203,101	\$ 636,044	\$ -	\$ -	\$ 1,839,145

Depreciation expense was \$212,013 for the year ended June 30, 2023.

**EASTERN SIERRA TRANSIT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 4 FARE REVENUE RATIO**

ESTA is required to maintain a fare revenue-to-operating expense ratio of 10% in accordance with the Transportation Development Act. The fare revenue-to-operating expense ratio for ESTA is calculated as follows for the year ended June 30, 2023:

Fare Revenues	\$	2,165,759
Operating Expenses		6,818,502
Less Allowable Exclusions:		
Depreciation and Amortization		(212,013)
Net Operating Expenses		\$ 6,606,489
Fare Revenue Ratio		32.78%

**NOTE 5 EMPLOYEES' RETIREMENT PLAN (DEFINED BENEFIT PLAN)**

**Plan Description**

ESTA's defined benefit pension plan, the California Public Employee's Retirement System, provides retirement and disability annual cost of living adjustments, and death benefits to plan members and beneficiaries. The California Public Employee's Retirement System (CalPERS) is a cost sharing multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the state of California. A menu of benefit provisions as well as other requirements are established by state statutes within the Public Employee's Retirement Law. ESTA selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (other local methods). CalPERS issues a separate report.

**Funding Policy**

Active plan members in ESTA's defined pension plan are required to contribute either 8%, 7%, or 6.25% of their annual covered salary depending upon the plan in which the employee participates. ESTA is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The fiscal year 2022/2023 employer rates are as follows:

Tier	Misc.	PEPRA
Tier 1	11.590 %	11.600 %
Tier 2	10.484	N/A

The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contribution requirements of the plan members are established by state statute and the employer contribution rate is established and may be amended by CalPERS. ESTA pays plan members' contribution on their behalf for employees participating in the Classic plan. Contributions made to the pension plan during fiscal year 2022/2023 were \$166,512.

**EASTERN SIERRA TRANSIT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 5 EMPLOYEES' RETIREMENT PLAN (DEFINED BENEFIT PLAN) (CONTINUED)**

**Actuarial Assumptions**

ESTA's net pension liability is measured as its proportionate share of the total pension liability, less the proportionate share of the pension plan's fiduciary net position. The net pension liability of the cost sharing plan is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

- Discount Rate/Rate of Return – 6.90%
- Inflation Rate – 2.3%
- Salary increases – Varies by Entry Age and Service
- COLA Increases – up to 2.00%
- Post-Retirement Mortality – Derived using CalPERS' Membership Data for all Funds

The actuarial assumptions used in the June 30, 2021 valuation were based off on the results of an actuarial experience study completed in 2021. The Experience Study Report can be obtained at CalPERS' website under Forms and Publications.

The long-term expected rate of return on pension plan investments (6.90%) was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return (a), (b)</u>
Global Equity - cap-weighted	30.00 %	4.45 %
Global equity non-cap-weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	(5.00)	(0.59)
Total	<u>100.00 %</u>	

(a) An expected inflation of 2.30% used for this period.

(b) Figures are based on the 2021-22 Asset Liability Management study.

Detailed information about the pension fund's fiduciary net position is available in the separately issued CalPERS comprehensive annual financial report which may be obtained by contacting CalPERS.

**EASTERN SIERRA TRANSIT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 5 EMPLOYEES' RETIREMENT PLAN (DEFINED BENEFIT PLAN) (CONTINUED)**

**Net Pension Liability**

At June 30, 2023, ESTA had a liability (asset) of \$598,064 in the statement of net position for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of June 30, 2021. ESTA's proportion of the net pension liability (asset) was based on a projection of ESTA's long-term share of contributions to the pension plan relative to the projected contributions of all pension plan participants, which was actuarially determined. The proportionate share of the Net Pension Liability for ESTA to the total pool at June 30, 2022 was (0.02701%), an increase of 0.00397% from the prior year.

**Sensitivity of Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of ESTA's proportionate share of the Plan as of the measurement date calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.90%) or one percentage point higher (7.90%) than the current rate.

	1% Decrease 5.90%	Discount Rate 6.90%	1% Increase 7.90%
ESTA's Proportionate Share of the Net Pension Plan Liability (Asset)	\$ 1,387,838	\$ 598,064	\$ (51,725)

**Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions**

Pension expense represents the change in the net pension liability during the measurement period, adjusted by actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. During the year ended June 30, 2023, ESTA recognized a pension expense of \$863,107. At June 30, 2023, ESTA reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 61,284	\$ -
Differences between Expected and Actual Experience	3,966	-
Net Difference between Projected and Actual Investment Earnings	109,549	-
Differences between Employer Contributions and Proportionate Share of Contributions	-	140,333
Change in Authority's Proportion	482,434	
Pension Contributions Made Subsequent to Measurement Date	166,514	-
Total	<u>\$ 823,747</u>	<u>\$ 140,333</u>

**EASTERN SIERRA TRANSIT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 5 EMPLOYEES' RETIREMENT PLAN (DEFINED BENEFIT PLAN) (CONTINUED)**

**Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

The \$166,514 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2022, measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 187,728
2025	165,067
2026	97,101
2027	67,004
Total	<u>\$ 516,900</u>

**NOTE 6 OTHER POST EMPLOYMENT BENEFITS PLAN**

**Plan Description**

*Plan Administration.* ESTA sponsors healthcare coverage under the California Public Employees Medical and Hospital Care Act (PEMHCA), commonly referred to as PERS Health. PEMHCA provides health insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options.

*Benefits Provided.* Employees hired before January 1, 2013 are eligible for ESTA-paid retiree medical benefits upon attainment of age 50, and five years CalPERS service. Employees hired on or after January 1, 2013 are eligible for ESTA-paid retiree medical benefits upon attainment of age 52, and five years CalPERS service.

ESTA contributes the PEMHCA minimum under the unequal method (5% times number of years ESTA has been in PEMHCA). ESTA joined PEMHCA in 2007, therefore for 2022, this amount is 65% of the PEMHCA minimum (\$149), or \$96.85 per month. In 2023, this amount is 70% of the PEMHCA minimum (\$151), or \$105.70 per month. In addition to the PEMHCA minimum, ESTA pays administrative fees of 0.24% per premium. Also, survivor benefits are available.

Plan membership. At July 1, 2021, membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently	
Receiving Benefit Payments	2
Active Plan Members	45

Contributions – ESTA made contributions of \$74,054 during the year ended June 30, 2023

**EASTERN SIERRA TRANSIT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 6 OTHER POST EMPLOYMENT BENEFITS PLAN (CONTINUED)**

**Net OPEB Liability**

ESTA's net OPEB Liability was measured as of June 30, 2022 and the net OPEB Liability used to calculate the net OPEB Liability was determined by an actuarial valuation as of July 1, 2021. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

**Actuarial Assumptions**

The net OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	3.00%
Medical Cost Trend Rate	5.8% (increase effective January 1, 2023 and grade down to 3.9% for years 2076 and later years)
Inflation Rate	2.5%

Mortality rates were based on the CalPERS 2021 experience study adding the MacLeod Watts Scale 2022 as a mortality improvement scale.

*Discount rate.* GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure ESTA's net OPEB liability is based on these requirements and the following information:

<u>Reporting Date</u>	<u>Measurement Date</u>	<u>Municipal Bond 20-Year High Grade Rate Index</u>	<u>Discount Rate</u>
June 30, 2022	June 30, 2021	3.69%	3.75%

The discount rate was increased by 1.8% from the prior year discount rate of 1.95%.



**EASTERN SIERRA TRANSIT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 6 OTHER POST EMPLOYMENT BENEFITS PLAN (CONTINUED)**

**Changes in the Net OPEB Liability**

The table below shows the changes in the Total OPEB Liability, the Plan Fiduciary Net Position, and the Net OPEB liability as of the measurement date June 30, 2022.

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance - July 1, 2022	\$ 513,088	\$ 43,987	\$ 469,101
Change in the Year:			
Service Cost	112,504	-	112,504
Interest on Total OPEB Liability	12,104	-	12,104
Difference Between Expected and Actual Experience	-	(15,347)	(15,347)
Changes of Assumptions	(134,933)	-	(134,933)
Benefit Payments <sup>1</sup>	(9,753)	(9,753)	-
Contributions - Employer	-	69,292	(69,292)
Net Investment Income	-	3,467	3,467
Net Changes	<u>(20,078)</u>	<u>47,659</u>	<u>(91,497)</u>
Balance - June 30, 2023	<u>\$ 493,010</u>	<u>\$ 91,646</u>	<u>\$ 401,364</u>

<sup>1</sup> Amount includes implicit subsidy associated with benefits paid.

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of ESTA, as well as what ESTA's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

	1% Decrease 2.75%	Discount Rate 3.75%	1% Increase 4.75%
Net OPEB Liability	\$ 470,242	\$ 401,364	\$ 344,815

The following presents the net OPEB liability of ESTA, as well as what ESTA's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates.

	1% Decrease 4.80%	Trend Rate 5.80%	1% Increase 6.80%
Net OPEB Liability	\$ 325,980	\$ 401,364	\$ 495,791

**EASTERN SIERRA TRANSIT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 6 OTHER POST EMPLOYMENT BENEFITS PLAN (CONTINUED)**

**OPEB Expense, Deferred Outflows and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2023, ESTA recognized OPEB expense (credit) of (\$92,848). OPEB expense (credit) represents the change in the net OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in actuarial assumptions or method. At June 30, 2023, ESTA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer Contributions Made Subsequent to the Measurement Date	\$ 74,054	\$ -
Change in Assumptions	56,483	328,719
Difference Between Expected and Actual Experience	-	384,587
Difference Between Projected and Actual Earnings	12,252	-
Total	\$ 142,789	\$ 713,306

The \$74,054 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2022 measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30,	Amount
2023	\$ (107,607)
2024	(111,227)
2025	(128,354)
2026	(132,214)
2027	(135,285)
Thereafter	(29,884)
Total	\$ (644,571)

**EASTERN SIERRA TRANSIT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST TEN MEASUREMENT DATES**

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

Last 10 Fiscal Years\*

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Total OPEB Liability</b>						
Service Cost	\$ 74,075	\$ 76,297	\$ 131,215	\$ 147,791	\$ 174,252	\$ 112,504
Interest	16,306	19,066	28,599	31,389	31,985	12,104
Actual and Expected Experience Difference	-	-	(17,416)	-	(530,397)	-
Changes of Assumptions	-	(40,212)	60,271	100,632	(292,491)	(134,933)
Benefit Payments	(2,116)	(2,294)	(8,699)	(4,151)	(3,028)	(9,753)
Net Changes in Total OPEB Liability	88,265	52,857	193,970	275,661	(619,679)	(20,078)
Total OPEB Liability - Beginning	522,014	610,279	663,136	857,106	1,132,767	513,088
Total OPEB Liability - Ending (a)	<u>\$ 610,279</u>	<u>\$ 663,136</u>	<u>\$ 857,106</u>	<u>\$ 1,132,767</u>	<u>\$ 513,088</u>	<u>\$ 493,010</u>
<b>Plan Fiduciary Net Position</b>						
Contributions - Employer	\$ 2,116	\$ 2,294	\$ 8,699	\$ 4,151	\$ 46,441	\$ 69,292
Difference Between Actual and Expected Experience	-	-	-	-	-	(15,347)
Net Investment Income	-	-	-	-	574	3,467
Benefit Payments	(2,116)	(2,294)	(8,699)	(4,151)	(3,028)	(9,753)
Net Change in Plan Fiduciary Net Position	-	-	-	-	43,987	47,659
Plan Fiduciary Net Position - Beginning	-	-	-	-	-	43,987
Plan Fiduciary Net Position - Ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,987</u>	<u>\$ 91,646</u>
ESTA's Net OPEB Liability - Ending (a) - (b)	<u>\$ 610,279</u>	<u>\$ 663,136</u>	<u>\$ 857,106</u>	<u>\$ 1,132,767</u>	<u>\$ 469,101</u>	<u>\$ 401,364</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	9.38%	22.83%
Covered Employee Payroll	\$ 1,285,438	\$ 1,469,433	\$ 1,507,323	\$ 1,361,712	\$ 1,758,682	\$ 1,729,761
ESTA's Net OPEB Liability as a Percentage of Covered Employee Payroll	47.48%	45.13%	56.86%	83.19%	26.67%	23.20%
Measurement Date	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022

**EASTERN SIERRA TRANSIT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2023**

**Schedule of ESTA's Proportionate Share of the Net Pension Liability  
(Last 10 Measurement Periods\*)**

Measurement Date	ESTA's Proportion of the Net Pension Liability (Asset)	ESTA's Proportionate Share of the Net Pension Liability (Asset)	ESTA's Covered Payroll	ESTA's Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	Varies by plan	\$ 413,616	\$ 1,366,206	30.27 %	79.87 %
2015	0.0166 %	387,894	1,582,603	24.51	83.27
2016	0.0156 %	540,971	1,517,088	35.66	80.22
2017	0.0038 %	149,988	1,296,176	11.57	75.39
2018	0.0033 %	122,894	1,285,439	9.56	77.69
2019	0.0055 %	218,344	1,469,433	14.86	77.69
2020	0.0080 %	338,982	1,507,323	22.49	77.73
2021	(0.0162)%	(308,047)	1,758,682	(17.52)	90.49
2022	0.0128 %	598,064	1,793,856	33.34	78.19

**CalPERS — Schedule of ESTA Contributions (Last 10 Fiscal Years\*)**

Fiscal Year	Actuarially Determined Contribution	Total Actual Contributions	Contribution Deficiency (Excess)	ESTA's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 183,362	(183,362)	\$ -	\$ 1,582,603	11.59 %
2016	209,515	(209,515)	-	1,517,088	13.81
2017	227,073	(690,642)	(463,569)	1,296,176	53.28
2018	190,183	(190,183)	-	1,285,439	14.80
2019	123,337	(123,337)	-	1,469,433	8.39
2020	137,639	(137,639)	-	1,507,323	9.13
2021	134,640	(134,640)	-	1,758,682	7.66
2022	142,375	(142,375)	-	1,793,856	7.94
2023	166,512	(166,512)	-	1,729,761	9.63

\*Amounts presented above were determined as of 6/30. Additional years will be presented as they become available.

**EASTERN SIERRA TRANSIT AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2023**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Disbursements/ Expenditures</u>	<u>Expenditures to Subrecipients</u>
<b>U.S. Department of Transportation</b>				
Passed through National Rural Transit Program:				
Community Rides Grant Program	20.509	-	\$ 33,303	\$ -
Passed through CalTrans:				
FTA Section 5311 Formula Grants for Rural Areas	20.509	-	267,594	-
FTA Section 5311 (f) Intercity Bus Program	20.509	-	230,775	-
COVID-19 AARPA Operating Assistance(FTA 5311)	20.509	-	239,000	-
COVID-19 Relief and Economic Security Act (CARES Act) Funding (FTA 5311(f))	20.509	-	146,797	-
Subtotal ALN 20.509			<u>917,469</u>	<u>-</u>
Strategic Partnerships-Transit FTA 5304	20.505	-	60,222	-
FTA Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	-	21,886	-
FTA Section 5339 Grants for Buses and Bus Facilities Formula Program	20.526	-	<u>189,167</u>	<u>-</u>
Total U.S. Department of Transportation			<u>1,188,744</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,188,744</u>	<u>\$ -</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**EASTERN SIERRA TRANSIT AUTHORITY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021**

**NOTE 1 REPORTING ENTITY**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Eastern Sierra Transit Authority (the Authority). The Authority's reporting entity is defined in Note 1 to the basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

**NOTE 2 BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cashflows of the Authority.

**NOTE 3 INDIRECT COST RATE**

The Authority elected not to use the 10% de minimis indirect cost rate as allowed in 2 CFR§200.414.

**NOTE 4 PASS-THROUGH ENTITIES' IDENTIFYING NUMBER**

When federal awards were received from a pass-through entity, the schedule of expenditures of federal awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the Authority determined that no identifying number is assigned for the program or the Authority was unable to obtain an identifying number from the pass-through entity.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Eastern Sierra Transit Authority  
Bishop, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Eastern Sierra Transit Authority (ESTA), as of and for the year ended June 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated January 19, 2024.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered ESTA'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ESTA's internal control. Accordingly, we do not express an opinion on the effectiveness of ESTA'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 or significant deficiencies may exist that were not identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether ESTA'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.



**CliftonLarsonAllen LLP**

Roseville, California  
January 19, 2024





**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  
AND THE ALLOCATION INSTRUCTIONS AND RESOLUTIONS OF THE LOCAL  
TRANSPORTATION COMMISSION**

Board of Directors  
Eastern Sierra Transit Authority  
Bishop, California

We have audited the financial statements of Eastern Sierra Transit Authority (ESTA) as of and for the year ended June 30, 2023 and have issued our report thereon dated January 19, 2024. 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 ESTA's financial statements are free from 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 financial statements. Additionally, we performed tests to determine that allocations made and expenditures paid by the Mono County Local Transportation Commission and Inyo County Transportation Commission were made in accordance with the allocation instructions and resolutions of the Commission and in conformance with the California Transportation Development Act. Specifically, we performed each of the specific tasks identified in the California Code of Regulations Section 6667 that are applicable to ESTA. In connection with our audit, nothing came to our attention that caused us to believe the Eastern Sierra Transit Authority failed to comply with the Statutes, Rules, and Regulations of the California Transportation Development Act and the allocation instructions and resolutions of the Local Transportation Commission. 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 Eastern Sierra Transit Authority, the Mono County Local Transportation Commission, the Inyo County Local Transportation Commission, management, 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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Roseville, California  
January 19, 2024



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Eastern Sierra Transit Authority  
Bishop, California

**Report on Compliance for Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Eastern Sierra Transit Authority (ESTA) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on ESTA's major federal program for the year ended June 30, 2023. ESTA's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, ESTA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of ESTA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of ESTA's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to ESTA's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Eastern Sierra Transit Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about ESTA's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding ESTA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of ESTA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of ESTA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

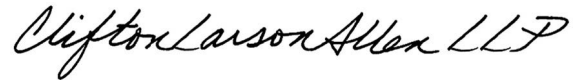
### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Roseville, California  
January 19, 2024

**EASTERN SIERRA TRANSIT AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2023**

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**Section I – Summary of Auditors’ Results**

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***Financial Statements***

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes        x   no

***Federal Awards***

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes        x   no

***Identification of Major Federal Programs***

**Assistance Listing Number**

20.509

**Name of Federal Program or Cluster**

Formula Grants for Rural Areas

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes        x   no

**EASTERN SIERRA TRANSIT AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2023**

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**Section II – Financial Statement Findings**

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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**Section III – Financial and Questioned Costs – Major Federal Programs**

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Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).



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