

**BUTTE COUNTY
ASSOCIATION OF GOVERNMENTS**

Audited Financial Statements
and Compliance Reports

June 30, 2024

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BUTTE COUNTY ASSOCIATION OF GOVERNMENTS

Audited Financial Statements
And Compliance Reports

June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Butte County Association of Governments
Chico, California

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Butte County Association of Governments (Association), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

Qualified Opinion on the Governmental Activities

In our opinion, except for the of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, of the Association as of June 30, 2023, and changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America,

Unmodified Opinions on Business-type Activities, Each Major Fund and Aggregate Remaining Fund Information.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Association as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

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 and the State Controller's Minimum Audit Requirements for California Special District's. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matter Giving Rise to the Qualified Opinion on the Governmental Activities

The Association did not implement Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Accounting principles generally accepted in the United States of America require the Association to record a lease liability and an intangible right-to-use asset in the governmental activities for

the leases described in Note J. The amount by which this departure would affect assets and liabilities and the associated notes to the financial statements is not reasonably determinable.

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 Association's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association'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, budgetary comparison information for the Planning and Administration Fund, Schedule of the Proportionate Share of the Net Pension Liability – Miscellaneous Plan (Unaudited),

To the Board of Directors
Butte County Association of Governments

Schedule of Contributions to the Pension Plan – Miscellaneous Plan (Unaudited), Schedule of Contributions to OPEB Plan (Unaudited) and Schedule of Changes in the Net OPEB Liability and Related Ratios (Unaudited), as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Association's basic financial statements. The supplementary information, as listed in the table of contents, and 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*, are presented for purposes of additional analysis and are 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 auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are 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 February 21, 2025, on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association'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 Association's internal control over financial reporting and compliance.

Richardson & Company, LLP

February 21, 2025

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year ended June 30, 2024**

The discussion and analysis of the financial performance of the Butte County Association of Governments (Association) provides an overview of the Association's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at financial performance as a whole. Users of these financial statements should read this discussion and analysis in conjunction with the basic financial statements following this section to enhance their understanding of the Association's financial performance.

Financial Highlights

- Government-wide assets and deferred outflows of resources of the Association exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$40,518,357 (net position). The Association's total net position decreased by \$880,424 largely due to depreciation of transit assets.
- Governmental funds reported a combined ending fund balance of \$11,442,103. \$5,749,259 represents funds set aside for future transit capital and \$5,152,324 is restricted for transit operations and transportation projects. Unassigned fund balance of \$504,245 is 16.7% of current Planning and Administration operating expenditures and 3.1 months of salaries & benefits.
- The proprietary fund for Butte Regional Transit reports an ending net position of \$7,712,723, which is largely made up of the investment in capital assets. This fund decreased in the current year by \$942,030, largely related to the depreciation of capital assets.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Association's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all Association assets, deferred outflows, liabilities and deferred inflows, with the balance reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The *Statement of Activities* presents information showing how the Association's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event takes place regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will result in cash inflows and outflows in future fiscal years, such as note receivable, future pension and other post-employment health benefits (OPEB).

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year ended June 30, 2024

Overview of the Financial Statements (continued)

The government-wide financial statements report activities that are either primarily financed with intergovernmental revenues (*governmental activities*) or activities that are intended to recover all or a portion of their costs through user fees and charges (*business-type activities*).

Governmental Activities - The Association's governmental activities include the planning and administration activities of the Metropolitan Planning Organization (MPO) and the Regional Transportation Planning Agency (RTPA). The Association is responsible for oversight of the State Transit Improvement Plan (STIP), and the allocation of Transportation Development Act (TDA) funds and Regional Surface Transportation Planning (RSTP) funds to the local jurisdictions.

Business-type activities - The Association's business-type activities consist of the policy board and administration of the Butte Regional Transit (BRT) system.

The Government-wide Financial Statements are presented on pages 14-15.

Fund Financial Statements

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

The Association maintains four major governmental funds. Information is presented separately in the governmental fund *Balance Sheet* and in the governmental fund *Statement of Revenues, Expenditures and Changes in Fund Balances* for each of the major funds.

Governmental funds – Governmental funds are used to account for activities that are similar in nature to the governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be used in evaluating the Association's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This will allow readers to get a better understanding of the long-term impact of the government's near-term financing decisions. Both the governmental funds *Balance Sheet* and the governmental funds *Statement of Revenues, Expenditures and Changes in Fund Balances* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year ended June 30, 2024**

Overview of the Financial Statements (continued)

The Association adopted an annual budget for the Planning and Administration Fund only. A budgetary comparison statement has been provided for this fund to demonstrate compliance with the adopted budget.

The Basic Governmental Fund Financial Statements are presented on pages 16-18 of this report.

The Association maintains one major proprietary fund. Information is presented in the proprietary fund *Statement of Net Position*, the *Statement of Revenues, Expenditures and Changes in Net Position* and the *Statement of Cash Flows*.

Proprietary funds –Proprietary funds are used in the same manner as *business-type activities* that operate on an accrual basis of accounting. They provide the same type of information as in the government-wide financial statements, only in more detail. The Association maintains the following type of proprietary fund:

Enterprise fund – Enterprise funds account for activities in which the public is charged a fee for goods or services. The Association uses an enterprise fund to account for the operations of Butte Regional Transit (BRT).

The Enterprise Fund Financial Statements are presented on pages 19-21 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements are presented on pages 22-46 of this report.

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year ended June 30, 2024**

Government-wide Financial Analysis

Statement of Net Position - The following table shows the current net position for governmental and business-type activities compared to the prior year.

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS CONDENSED STATEMENT OF NET POSITION						
	Governmental activities		Business-type activities		Total	
	2024	2023	2024	2023	2024	2023
Assets and Deferred Outflows:						
Current and other assets	\$ 13,251,203	\$ 13,177,106	\$ 10,319,122	\$ 10,565,586	\$ 23,570,325	\$ 23,742,692
Long-term assets	20,651,600	20,651,600	-	-	20,651,600	20,651,600
Capital assets, net	2,178,543	1,309,014	7,485,276	8,486,641	9,663,819	9,795,655
Total assets	<u>36,081,346</u>	<u>35,137,720</u>	<u>17,804,398</u>	<u>19,052,227</u>	<u>53,885,744</u>	<u>54,189,947</u>
Deferred outflows	1,088,765	1,052,557	-	-	1,088,765	1,052,557
Liabilities and Deferred Inflows:						
Current liability	1,866,729	1,142,637	591,195	787,140	2,457,924	1,929,777
Long-term liability	2,234,072	2,170,498	9,500,480	9,610,334	11,734,552	11,780,832
Total liabilities	<u>4,100,801</u>	<u>3,313,135</u>	<u>10,091,675</u>	<u>10,397,474</u>	<u>14,192,476</u>	<u>13,710,609</u>
Deferred inflows	263,676	133,114	-	-	263,676	133,114
Net Position:						
Investment in capital assets	2,015,159	1,309,014	7,485,276	8,486,641	9,500,435	9,795,655
Restricted	10,901,583	11,641,243	127,482	68,146	11,029,065	11,709,389
Unrestricted	19,888,892	19,793,771	99,965	99,966	19,988,857	19,893,737
Total net position	<u>\$ 32,805,634</u>	<u>\$ 32,744,028</u>	<u>\$ 7,712,723</u>	<u>\$ 8,654,753</u>	<u>\$ 40,518,357</u>	<u>\$ 41,398,781</u>

The Association's net position reflects \$9,500,435 of investment in capital assets. The largest portion, \$7,485,276 is made up of the buses and transit stations used by Butte Regional Transit. The remaining \$2,015,159 of capital assets listed in the governmental activities include construction in progress, office equipment placed in service and land held for mitigation purposes.

Restricted net position of \$11,029,065 includes \$5,152,324 of TDA funds awaiting apportionment to the jurisdictions, \$5,749,259 restricted for transit capital, and \$127,482 of interest earned on grant funds.

The unrestricted net position, \$19,988,857, may be used to meet the Association's ongoing obligations to creditors. Unrestricted net position includes the note receivable of \$20,651,600 that is part of the New Markets Tax Credit funding arrangement for the transit facility construction, as described in Note F. After removing the long-term note receivable, the Association would have shown a deficit of \$662,743. The underlying deficit in net position is a result of booking long-term liabilities for pension and health benefits per Governmental Accounting Standards Board (GASB) requirements. For further information on the noncurrent liabilities, see Note I in the Financial Statements.

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year ended June 30, 2024**

Government-wide Financial Analysis (continued)

Statement of Activities - The following table indicates the comparative changes in net position for governmental and business-type activities.

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS CONDENSED STATEMENT OF ACTIVITIES						
	Governmental activities		Business-type activities		Total	
	2024	2023	2024	2023	2024	2023
Program Expenses						
Planning and administration	\$ 2,617,165	\$ 3,930,850	\$ -	\$ -	\$ 2,617,165	\$ 3,930,850
Transportation claimants	16,975,330	15,698,140	-	-	16,975,330	15,698,140
Transit operations	-	-	12,987,010	12,575,622	12,987,010	12,575,622
Total expenses	<u>19,592,495</u>	<u>19,628,990</u>	<u>12,987,010</u>	<u>12,575,622</u>	<u>32,579,505</u>	<u>32,204,612</u>
Revenues and Transfers						
Program revenues:						
Operating grants and contributions	4,617,447	5,424,417	10,235,477	9,885,320	14,852,924	15,309,737
Capital grants and contributions	970,688	176,645	380,135	339,351	1,350,823	515,996
Charges for services	-	-	1,334,350	1,193,688	1,334,350	1,193,688
General revenues:						
Tax based revenue	13,612,610	14,403,841	-	-	13,612,610	14,403,841
Investment earnings	442,453	376,782	155,561	102,570	598,014	479,352
Gain (Loss) on sale of assets	-	-	-	(27,469)	-	(27,469)
Net transfer	10,903	175,715	(60,543)	(175,715)	(49,640)	-
Gain on acquisition	-	5,170,500	-	-	-	5,170,500
Total revenues	<u>19,654,101</u>	<u>25,727,900</u>	<u>12,044,980</u>	<u>11,317,745</u>	<u>31,699,081</u>	<u>37,045,645</u>
Change in Net Position	61,606	6,098,910	(942,030)	(1,257,877)	(880,424)	4,841,033
Net Position - beginning	<u>32,744,028</u>	<u>26,645,118</u>	<u>8,654,753</u>	<u>9,912,630</u>	<u>41,398,781</u>	<u>36,557,748</u>
Net Position - ending	<u>\$ 32,805,634</u>	<u>\$ 32,744,028</u>	<u>\$ 7,712,723</u>	<u>\$ 8,654,753</u>	<u>\$ 40,518,357</u>	<u>\$ 41,398,781</u>

Governmental Activities

Planning and administration expenses of \$2,617,165 are primarily driven by the federal and state responsibilities required as the Metropolitan Planning Organization (MPO) and the Regional Transportation Planning Agency (RTPA) for Butte County. Transportation and transit planning projects make up \$1.7 million of the expenditures in the current year. The remaining balance is made up of general and administrative expense, including pension and retiree health benefit expense, and uncapitalized construction and mitigation.

Transportation claimants include BRT and the cities, town, and County of Butte. In the current year claimants received \$16,975,330 in Regional Surface Transportation Plan (RSTP), Transportation Development Act (TDA) and State of Good Repair (SGR) funds, an increase of 8.14%.

Operating grants and contributions of \$4,617,447 include \$2,900,928 of federal RSTP funds, which are exchanged each year for more flexible state highway funds. State highway funds are distributed to the cities, town and county. The remaining balance of \$1,716,519 includes federal and state planning funds which fluctuate based on project needs.

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year ended June 30, 2024**

Government-wide Financial Analysis (continued)

Capital grants and contributions of \$970,688 includes funding for the construction of the Paradise transit center included in construction in progress in capital assets.

Tax-based revenues of \$13,612,610, which include the TDA and SGR, decreased 2.01%.

Business-type Activities

Business-type activities in the government-wide financial statements reflect the same information found in the Association's enterprise fund financial statement, but in a more consolidated format. Due to TDA regulations, there can be no earnings on operations funded with TDA, thus the transactions resulting in a \$942,030 decrease in net position are largely related to the purchase, disposal, and depreciation of transit fixed assets, which are discussed in the capital asset section below. Transit operations are further discussed in the enterprise fund analysis below.

Governmental Funds Financial Analysis

As of June 30, 2024, the Association's governmental funds reported combined ending fund balance of \$11,442,103. The focus of the Association's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. The Association maintains four major governmental funds.

Planning and Administration

The Planning and Administration Fund, the main operating fund for the BCAG transportation planning responsibilities, has an ending fund balance of \$540,520. As a measure of the fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures not including capital outlay to assess the Association's net resources available for spending at the end of the fiscal year. Unassigned fund balance of \$504,245 represents 16.7% of current Planning and Administration operating expenditures and includes the carryover of LTF planning funds and state planning, programming and monitoring (PPM) funds used for match requirements. Unassigned fund balance is also affected by over/under absorbed indirect costs. During the current fiscal year, indirect costs were under recovered by \$184,701. The two-year carryover period totals \$181,041 under-reimbursed. This amount will continue to be adjusted through future years indirect cost reimbursements.

The Planning and Administrative Fund final budget and actual amounts are shown on the *Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual*. The Planning and Administration Fund final expenditure budget of \$6,539,036 was adopted by the Board in February of 2024. Budget adjustments from the original adoption in April of 2023 were for the purpose of bringing estimates in line with actual costs and funding agreements.

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year ended June 30, 2024

Governmental Funds Financial Analysis (continued)

Actual salary and benefit expenditures in the Planning and Administration Fund were close to budget projections. Services and supplies were lower than budget estimates. The largest budget difference relates to the work on the Paradise Transit Center construction project. The full construction grant was budgeted but the project has just begun construction. In general, project costs are lower than budget predominately due to requirements to budget multi-year grant revenue and expenditures. This holds true for REAP, SB1, FTA 5304, and FTA 5307 projects. Overall, 61% of budgeted expenditures were used in the actual Planning and Administrative fund compared to the budget. The *Schedule of Revenues, Expenditures and Changes in Fund Balance by Activity* in the Supplementary Information shows budget to actual amounts by work element (project).

State Highway

Federal regional surface transportation program (RSTP) funds are exchanged each year for more flexible state highway funds and are disbursed to the cities, town and county. Current year apportionments and allocations of \$2.9 million is a decrease of 12.3% over the past year. Fund balance represents unallocated interest.

Local Transportation Fund and State Transit Assistance

These two funds were created by the California Transportation Development Act (TDA) of 1971 to improve existing public transportation and encourage regional transportation coordination. They are restricted for transit or transportation and are ultimately for the benefit of the claimants, Butte Regional Transit, the cities, town and County of Butte. BCAG also receives an annual allocation for the purpose of transportation planning and TDA administration.

Apportionments of TDA funds are dependent on the level of funding received from the state. Local Transportation Funds, which come from ¼ cent of the state sales tax collected within Butte County, have decreased by 5.0% from the prior year funding level. State Transit Assistance, which is derived from the statewide sales tax on diesel fuel, has decreased 9.5% over the prior year. Allocations of TDA are approved by the BCAG Board each year based upon the claimant's request for funds, which are reviewed by the Association's staff for compliance with TDA regulations.

Total LTF fund balance decreased by \$1,435,290 in the current year to a total of \$5,897,485. Fund balance restricted for transit capital purchases remained at \$2,200,000 per authorized apportionment. Fund balance restricted for future transit operations or transportation claims decreased to \$3,697,485. Total STA fund balance of \$2,996,106 increased by \$340,477 with \$1,446,106 available for future apportionment and \$1,550,000 restricted for future transit capital purchases.

State of Good Repair

This fund was created pursuant to the Road Repair and Accountability Act of 2017 (SB1) to provide funding for transit maintenance, rehabilitation, and capital projects. Funds are derived from a portion of a new transportation improvement fee on vehicle registrations and passed through the State Controller's Office. Fund balance restricted for transit capital purchases of \$1,999,259 has been designated for future electric bus purchases.

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year ended June 30, 2024**

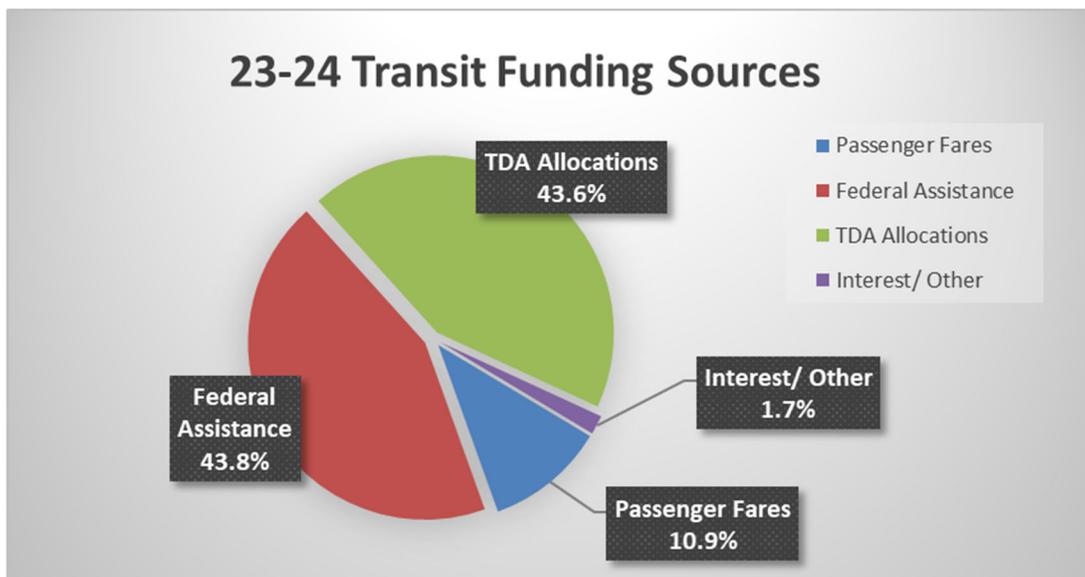
Enterprise Fund Financial Analysis

The Association's enterprise fund provides the same type of information found in the government-wide financial statements, business-type activities, but in more detail. The enterprise fund, Butte Regional Transit (BRT), reports the activities of the consolidated county-wide transit system administered by the Association, established July 1, 2005. The enterprise fund reflected a decrease in net position of \$942,030. Transportation Development Act (TDA) regulations prohibits earnings on operations funded with TDA, thus the transactions resulting in this net change are largely related to the purchase, disposal, and depreciation of transit fixed assets, which are discussed in further detail below in the investment in capital asset section.

Ridership continues to trend upwards after bottoming out during the pandemic, however it has not returned to pre-pandemic levels. Butte Regional Transit served 620,752 passengers on fixed route service and 78,415 on the paratransit service, designated for seniors and the disabled. This is a 10% increase in fixed route passengers and a 16% increase in paratransit riders over the prior year.

Passenger fares covered 10.9% of total operating expense (less depreciation) compared to 10.2% in the prior year. This is still lower than pre-pandemic ratios where FY19/20 was 13.5% and FY18/19 was 16.5%. The remaining operations expense is largely paid by Federal Transit Administration (FTA) grants and state TDA funding as pictured below. Federal assistance, which continues to include COVID-19 emergency funding, covers 43.6% of the operating expense compared to 44.4% in the prior year. Allocations of TDA balance out the annual budget with 43.6%

Transit operating expense less depreciation (which is included in the investment in assets) totaled \$11,666,053. This was \$152,048 less than the budgeted expense for the year, largely owing to less paratransit service than expected.



**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year ended June 30, 2024**

Enterprise Fund Financial Analysis (continued)

The California Transportation Development Act (TDA) requires a minimum farebox ratio per the regulations. Fare collections and local funds as a percentage of operating expenditures must be maintained. Caltrans approved a blended farebox ratio of 15.6% for Butte Regional Transit fixed routes. Paratransit systems must maintain a 10% farebox ratio. The California Assembly passed AB 149 in July of 2021 which altered the farebox calculation to allow all nonstate support to be included in local funds. For fiscal year ending June 30, 2024, all services meet the minimum requirement as shown in Note R in the financial statements.

Investment in Capital Assets

As of June 30, 2024, the Association's investment in capital assets for its governmental and business-type activities amounted to \$9,663,819, net of accumulated depreciation. This investment in capital assets includes land, construction in progress, structures and improvements, vehicles and equipment. Capital assets are not booked in governmental funds but are recorded in the government-wide financial statements. Capital assets, net of depreciation, for the governmental and business-type activities are presented below to illustrate changes from the prior year:

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Land	\$ 570,000	\$ 570,000	\$ -	\$ -	\$ 570,000	\$ 570,000
Construction in progress	1,365,826	406,041	250,701	-	1,616,527	406,041
Structures and improvements	-	-	1,144,262	1,178,957	1,144,262	1,178,957
Vehicles and equipment	242,717	332,973	6,090,313	7,307,684	6,333,030	7,640,657
Total, net of depreciation	<u>2,178,543</u>	<u>1,309,014</u>	<u>7,485,276</u>	<u>8,486,641</u>	<u>9,663,819</u>	<u>9,795,655</u>

Investments in capital assets of the Governmental Activities increased primarily due to construction in progress on the Paradise transit center. Annual depreciation expense on office equipment reduced the net value by \$101,159.

During the year, minor equipment was added for transit and construction of underground electric infrastructure was added for future electric bus purchases. Annual depreciation of assets decreased the net investment in capital assets by \$1,320,957 for the Business-type Activities. Further discussion of capital assets can be found in the capital asset Note G in the financial statements.

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Fiscal Year ended June 30, 2024**

Economic Factors and Future Budgets

Each year, the California Legislative Analyst's Office (LAO) publishes a nonpartisan fiscal and policy analysis in its “Fiscal Outlook,” released this year on November 20, 2024. The 2024 Executive Summary highlights three key points:

- **Revenues Outpacing Broader Economy:** Despite a weak labor market and subdued consumer spending, high-income Californians have seen a surge in earnings, boosting income tax revenues. This increase, driven by a recent stock market rally, raises concerns about its sustainability without broader economic growth.
- **2025-26 Budget Nearly Balanced:** Proactive decisions during the 2024-25 budget process addressed anticipated issues for 2025-26. While revenues are exceeding expectations, they are offset by rising expenditures, leaving the budget roughly balanced.
- **No Room for New Commitments:** The budget shows double-digit deficits in future projections, suggesting the need for spending cuts or tax increases. This year’s budget cannot accommodate new or ongoing commitments.

Transportation Funding Update

The 2023 California Budget Act allocated nearly \$24 million to the Butte County Association of Governments (BCAG) through the Transit and Intercity Rail Capital Program (TIRCP) and the Zero-Emission Transit Capital Program (ZETCP). These funds support projects like the North Valley Rail initiative and zero-emission bus deployment. In July 2024, BCAG received \$10.49 million to advance these efforts.

Federal transportation funding remains stable under the Bipartisan Infrastructure Investment and Jobs Act, now in its fourth year. This act represents the largest transportation investment in decades, funding public transit, rail, highways, safety, and low-emission technologies. Federal allocations for 2025 are expected to remain consistent with 2024 levels, supporting transit agencies like Butte Regional Transit in fleet upgrades and zero-emission vehicle conversions. However, with a new federal administration taking office in January 2025, potential shifts in funding priorities, favoring roads and bridges while maintaining investments in cleaner technologies, remain uncertain.

California’s 2024 State Transportation Improvement Program includes \$2.8 billion for highways, rail, transit, safety, and planning. Funding levels are consistent with previous years and include significant allocations to programs like TIRCP and ZETCP, supporting regional infrastructure improvements.

Outlook and Priorities

Transportation funding for BCAG’s planning and capital projects is expected to remain stable through FY 2025-26, ensuring continued progress on key initiatives and safety improvements. Collaboration with state and federal agencies will focus on aligning with updated guidelines under the Infrastructure Investment and Jobs Act.

**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year ended June 30, 2024**

Economic Factors and Future Budgets (continued)

BCAG's primary objectives include:

- Transitioning the B-Line bus fleet to zero-emission vehicles.
- Developing an intercity bus service between Chico and Sacramento.
- Planning a multimodal hub at State Routes 32 and 99 in Chico.
- Installing mobile hydrogen fueling infrastructure.

The areas of focus BCAG identifies in its annual Overall Work Program (OWP) and Budget continue to support California's efforts to develop and implement transportation strategies intended to provide cleaner and increasingly equitable opportunities for all residents of the state.

Requests for Information

This financial report is designed to provide citizens, taxpayers, creditors, and investors with a general overview of the Association's finances and to show accountability for the funds that it receives. If you have any questions about this report or need additional financial information, contact Butte County Association of Governments, 326 Huss Drive, Suite 150, Chico, California, 95928. Information can also be found on the Association's website at www.bcag.org.

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
STATEMENT OF NET POSITION
June 30, 2024

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 9,786,533	\$ 2,478,977	\$ 12,265,510
Receivables	3,878,395	4,958,994	8,837,389
Internal balances	(450,000)	450,000	-
Prepaid expenses	36,275	62,780	99,055
Restricted cash and investments	-	2,368,371	2,368,371
Notes receivable - long term	20,651,600	-	20,651,600
Nondepreciated capital assets	1,935,826	250,701	2,186,527
Depreciated capital assets, net	242,717	7,234,575	7,477,292
Total assets	<u>36,081,346</u>	<u>17,804,398</u>	<u>53,885,744</u>
DEFERRED OUTFLOWS OF RESOURCES			
Postemployment benefits plan	348,321	-	348,321
Employee pension plan	740,444	-	740,444
Total deferred outflow of resources	<u>1,088,765</u>	<u>-</u>	<u>1,088,765</u>
LIABILITIES			
Payables	1,693,662	591,195	2,284,857
Unearned revenues	115,438	9,500,480	9,615,918
Noncurrent liabilities			
Due within one year	57,629	-	57,629
Due in more than one year	2,234,072	-	2,234,072
Total liabilities	<u>4,100,801</u>	<u>10,091,675</u>	<u>14,192,476</u>
DEFERRED INFLOWS OF RESOURCES			
Postemployment benefits plan	177,086	-	177,086
Employee pension plan	86,590	-	86,590
Total deferred inflow of resources	<u>263,676</u>	<u>-</u>	<u>263,676</u>
NET POSITION			
Investment in capital assets	2,015,159	7,485,276	9,500,435
Restricted for transit / transportation	10,901,583	127,482	11,029,065
Unrestricted	19,888,892	99,965	19,988,857
Total net position	<u>\$ 32,805,634</u>	<u>\$ 7,712,723</u>	<u>\$ 40,518,357</u>

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

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
STATEMENT OF ACTIVITIES
For the Fiscal Year ended June 30, 2024

	Governmental Activities	Business-type Activities	Total
PROGRAM EXPENSES			
Governmental activities:			
Planning and administration	\$ 2,617,165	\$ -	\$ 2,617,165
Transportation claimants	16,975,330	-	16,975,330
Total governmental activities	19,592,495	-	19,592,495
Business-type activities:			
Transit operations	-	12,987,010	12,987,010
Total program expenses	19,592,495	12,987,010	32,579,505
PROGRAM / OPERATING REVENUES			
Operating grants and contributions	4,617,447	10,235,477	14,852,924
Capital grants and contributions	970,688	380,135	1,350,823
Charges for services	-	1,334,350	1,334,350
Total program/operating revenues	5,588,135	11,949,962	17,538,097
Net program (expense) revenues	(14,004,360)	(1,037,048)	(15,041,408)
GENERAL REVENUES AND TRANSFERS			
State shared revenue - sales and use taxes	13,612,610	-	13,612,610
Investment earnings	442,453	155,561	598,014
Transfer to governmental activities	10,903	(10,903)	-
Transfer to outside agencies	-	(49,640)	(49,640)
Total general revenues	14,065,966	95,018	14,160,984
Change in net position total	61,606	(942,030)	(880,424)
Net position - beginning	32,744,028	8,654,753	41,398,781
Net position - ending	\$ 32,805,634	\$ 7,712,723	\$ 40,518,357

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

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	Major Funds				Non-Major Fund	Total Governmental Funds
	Planning and Administration	State Highway	Local Transportation Fund	State Transit Assistance	of Good State Repair	
Assets						
Cash and investments	\$ 43,404	\$ 8,733	\$ 5,426,629	\$ 2,403,067	\$ 1,904,700	\$ 9,786,533
Prepaid costs	36,275	-	-	-	-	36,275
Accounts receivable	175	-	-	-	-	175
Due from other governments	1,297,426	-	1,802,762	683,473	94,559	3,878,220
Total assets	\$ 1,377,280	\$ 8,733	\$ 7,229,391	\$ 3,086,540	\$ 1,999,259	\$ 13,701,203
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 212,483	\$ -	\$ -	\$ -	\$ -	\$ 212,483
Salaries and benefits payable	58,839	-	-	-	-	58,839
Due to other funds	450,000	-	-	-	-	450,000
Due to other governments	-	-	1,331,906	90,434	-	1,422,340
Unearned revenues	115,438	-	-	-	-	115,438
Total liabilities	836,760	-	1,331,906	90,434	-	2,259,100
Fund Balances:						
Nonspendable - prepaid costs	36,275	-	-	-	-	36,275
Restricted - transit capital	-	-	2,200,000	1,550,000	1,999,259	5,749,259
Restricted - transit/ transportation	-	8,733	3,697,485	1,446,106	-	5,152,324
Unassigned	504,245	-	-	-	-	504,245
Total fund balances	540,520	8,733	5,897,485	2,996,106	1,999,259	11,442,103
Total liabilities and fund balances	\$ 1,377,280	\$ 8,733	\$ 7,229,391	\$ 3,086,540	\$ 1,999,259	\$ 13,701,203

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION:**

Fund balances - total governmental funds	\$ 11,442,103
Amounts reported for governmental activities in the statement of net position are different because:	
Long-term note receivable reported in governmental activities are not available to pay current expenditures and, therefore, are not reported in the governmental funds. Note receivable	20,651,600
Capital assets and capital assets reported in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. Nondepreciated capital assets Depreciated capital assets, net of depreciation	1,935,826 242,717
Pension/OPEB changes to be recognized in the future as pension/OPEB expense are reported as deferred outflows of resources on the statement of net position	1,088,765
Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Net pension liability Net OPEB liability Compensated absences	(1,451,821) (724,621) (115,259)
Pension/OPEB changes to be recognized in the future as pension/OPEB expense are reported as deferred inflows of resources on the statement of net position	(263,676)
Net position of governmental activities	\$ 32,805,634

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

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year ended June 30, 2024

	Major Funds				Non-Major Fund	Total Governmental Funds
	Planning and Administration	State Highway	Local Transportation Fund	State Transit Assistance	State of Good Repair	
Revenues:						
Sales and use taxes	\$ -	\$ -	\$ 10,720,872	\$ 2,530,408	\$ 361,330	\$ 13,612,610
State highway funds	-	2,900,928	-	-	-	2,900,928
Federal grants	2,061,511	-	-	-	-	2,061,511
State grants	625,696	-	-	-	-	625,696
Local reimbursements	653,564	-	-	-	-	653,564
Interest and other	70,321	8,733	247,547	60,069	55,783	442,453
Total revenues	<u>3,411,092</u>	<u>2,909,661</u>	<u>10,968,419</u>	<u>2,590,477</u>	<u>417,113</u>	<u>20,296,762</u>
Expenditures:						
Allocations:						
Butte Regional Transit	-	-	2,381,385	2,159,566	68,530	4,609,481
County of Butte	-	930,614	2,757,880	-	-	3,688,494
City of Biggs	-	20,579	90,476	-	-	111,055
City of Chico	-	1,382,059	4,882,712	-	-	6,264,771
City of Gridley	-	96,081	343,173	90,434	-	529,688
City of Oroville	-	250,554	882,438	-	-	1,132,992
Town of Paradise	-	223,204	415,645	-	-	638,849
Salaries and benefits	1,952,393	-	-	-	-	1,952,393
Services and supplies	1,059,142	-	-	-	-	1,059,142
Capital outlay	970,688	-	-	-	-	970,688
Total expenditures	<u>3,982,223</u>	<u>2,903,091</u>	<u>11,753,709</u>	<u>2,250,000</u>	<u>68,530</u>	<u>20,957,553</u>
Excess (deficiency) of revenues over (under) expenditures	(571,131)	6,570	(785,290)	340,477	348,583	(660,791)
Other financing sources (uses):						
Transfer in	660,903	-	-	-	-	660,903
Transfer out	-	-	(650,000)	-	-	(650,000)
Total other financing sources (uses)	<u>660,903</u>	<u>-</u>	<u>(650,000)</u>	<u>-</u>	<u>-</u>	<u>10,903</u>
Net change in fund balances	<u>89,772</u>	<u>6,570</u>	<u>(1,435,290)</u>	<u>340,477</u>	<u>348,583</u>	<u>(649,888)</u>
Fund balances - beginning	450,748	2,163	7,332,775	2,655,629	1,650,676	12,091,991
Fund balances - ending	<u>\$ 540,520</u>	<u>\$ 8,733</u>	<u>\$ 5,897,485</u>	<u>\$ 2,996,106</u>	<u>\$ 1,999,259</u>	<u>\$ 11,442,103</u>

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

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (Continued)
For the Fiscal Year ended June 30, 2024

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES:**

Net change in fund balances - total governmental funds	\$ (649,888)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Following are the changes to capital assets in the governmental activities.	
Depreciation expense	(101,159)
Capital outlay	970,688
Gain on acquisition from New Market Tax Credit financing is not recognized in the governmental funds because they do not represent current financial resources.	
The statement of activities is a government-wide statement which requires the elimination of intra-agency transactions reported in the individual fund financial statements.	
General revenues	(653,564)
Planning and administration expense	653,564
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Deferred outflows of resources related to postemployment benefits plan	48,388
Deferred outflows of resources related to employee pension plan	(12,180)
Change in compensated absences	(215)
Change in net OPEB liability	125,233
Change in net pension liability	(188,699)
Deferred inflows of resources related to postemployment benefits plan	(144,903)
Deferred inflows of resources related to employee pension plan	14,341
<u>Change in net position of governmental activities</u>	<u>\$ 61,606</u>

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

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
STATEMENT OF NET POSITION
BUTTE REGIONAL TRANSIT ENTERPRISE FUND
June 30, 2024

ASSETS

Cash and cash equivalents	\$ 2,478,977
Accounts receivable	144,650
Due from other funds	450,000
Due from other governments	4,814,344
Prepaid expense	62,780
Restricted cash and cash equivalents	2,368,371
Capital assets, not depreciated	250,701
Capital assets, net of depreciation	<u>7,234,575</u>
 Total assets	 <u>17,804,398</u>

LIABILITIES

Accounts payable	591,195
Unearned revenues	<u>9,500,480</u>
 Total liabilities	 <u>10,091,675</u>

NET POSITION

Investment in capital assets	7,485,276
Restricted grant investment earnings	127,482
Unrestricted	<u>99,965</u>
 Total net position	 <u>\$ 7,712,723</u>

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

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
BUTTE REGIONAL TRANSIT ENTERPRISE FUND
For the Fiscal Year ended June 30, 2024

OPERATING REVENUES	
Revenue from fares	\$ 1,273,188
OPERATING EXPENSES	
Administration	514,099
Paratransit certification	32,348
Insurance	391,339
Vehicle and equipment maintenance	66,660
Computer software maintenance	275,265
Purchased transportation	8,423,821
Fuel including taxes and fees	1,293,273
Miscellaneous operating	244,698
Facilities operations & maintenance	424,550
Depreciation	<u>1,320,957</u>
Total operating expenses	<u>12,987,010</u>
OPERATING LOSS	(11,713,822)
NONOPERATING REVENUES (EXPENSES)	
Federal transit assistance	5,109,591
TDA operating allocation	5,080,724
State operating grants	45,162
Investment earnings	155,561
Advertising sales	61,162
Transfer of assets to BRTC	<u>(49,640)</u>
Total nonoperating revenues	<u>10,402,560</u>
LOSS BEFORE CAPITAL CONTRIBUTIONS	(1,311,262)
CAPITAL CONTRIBUTIONS	
TDA capital allocation	66,101
State capital grant	49,640
Federal capital contributions	<u>264,394</u>
Total capital contributions	<u>380,135</u>
OTHER FINANCING USES	
Transfer out	<u>(10,903)</u>
Change in net position	(942,030)
Net position - beginning	<u>8,654,753</u>
Net position - ending	<u><u>\$ 7,712,723</u></u>

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

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS

**STATEMENT OF CASH FLOWS
BUTTE REGIONAL TRANSIT ENTERPRISE FUND
For the Fiscal Year ended June 30, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers and users	\$ 1,225,826
Receipts from advertising sales	61,162
Payments to suppliers and claimants	(11,202,951)
Payments for interfund services used	<u>(653,564)</u>
Net cash used by operating activities	<u>(10,569,527)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Operating grants received	9,000,779
Cash provided to other funds	<u>(450,000)</u>
Net cash provided by noncapital financing activities	<u>8,550,779</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Capital acquisitions	(380,135)
Capital grants	801,904
Capital apportionment	<u>500,000</u>
Net cash provided by capital and related financing activities	<u>921,769</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment earnings received	<u>155,561</u>
Net cash provided by investing activities	<u>155,561</u>
Net increase in cash and cash equivalents	(941,418)
Cash and cash equivalents - beginning of year	<u>5,788,766</u>
Cash and cash equivalents - end of year	<u>\$ 4,847,348</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:	
Cash and cash equivalents	\$ 2,478,977
Restricted cash and cash equivalents	<u>2,368,371</u>
Total cash and cash equivalents	<u>\$ 4,847,348</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	<u>\$ (11,713,822)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	1,320,957
Advertising sales	61,162
Changes in assets and liabilities:	
Accounts receivable	(47,252)
Prepaid expense	(20,327)
Accounts payable	(165,040)
Due to other funds	<u>(5,205)</u>
Total adjustments	<u>1,144,295</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (10,569,527)</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES:	
Donation of capital assets to governmental activities and others	<u>\$ 60,543</u>

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

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year ended June 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

The Butte County Association of Governments (the Association) was formed in 1969 as a Joint Powers Agency (JPA), between the cities, town and County of Butte. The Board of Directors (Board) is comprised of one appointed councilperson from each of the Cities of Biggs, Chico, Gridley, Oroville and the Town of Paradise and each of the five members of the County's Board of Supervisors.

The Association is the federally designated Metropolitan Planning Organization (MPO) for Butte County, created to ensure regional cooperation in transportation planning. It is also recognized under California Government Code Section 29532 as the Regional Transportation Planning Agency (RTPA). Responsibilities of the Association are outlined in a Memorandum of Understanding (MOU) with the California Department of Transportation and include the development and adoption of transportation policy; review and coordination of transportation planning; a Regional Transportation Plan; a Regional and Federal Transportation Improvement Program; air quality conformity determinations; and regional housing needs study. These activities enable local jurisdictions within the county to qualify for a variety of state and federal funding for transportation projects.

Effective July 1, 2005, the Association also assumed responsibility for the Butte Regional Transit (BRT) system, a consolidated public transit system serving the cities, town and county. The Association is responsible for transit policy and administration, including preparation of the annual B-Line Service Plan & Budget and National Transit Data (NTD) reporting.

The Association is also responsible for the administration of certain state programs relating to transportation. These funds are apportioned and allocated to local jurisdictions based on the related statutes and regulations. Disbursements by the County Auditor-Controller's Office are made in accordance with the Association's annual allocation instructions. Further description of these programs is given below with the respective major fund purpose.

The Association does not exercise control over any other governmental agency or authority. The Association is considered a primary government since it has a separate governing body, is legally separate, and is fiscally independent of other state or local governments.

The Association has established relations with Butte Regional Transportation Corporation (BRTC), a non-profit public benefit corporation, established to support transportation needs in Butte County. BRTC is a legally separate entity that is not included in the Association reporting entity because the Association does not have sufficient influence over the activities of the BRTC. The Association has contributed the operations facility and land to BRTC who then used the property as collateral to enter into loan agreements with community development entities (CDEs) to provide funding for construction of the Butte Regional Transit operations facility. BRTC leases the facilities to the Association, as described in Note J in the financial statements.

As of March 10, 2023 the Association has exercised the option to acquire 100% interest in Chase New Markets Tax Credit (NMTC) BCAG Transportation Center Investment Fund, LLC referenced in Note F. At this time, the Association owns the assets in this Investment Fund, including its interest in the CDEs that hold the loans made to BRTC. The Association may choose to dissolve the loans to BRTC and may take ownership of the facility improvements funded with proceeds from the loans at some point in the future.

After March 10, 2026, the Association will have the options to acquire 100% interest in Chase NMTC BCAG Phase 2 Investment Fund, LLC referenced in Note F. At such time, the Association would own the assets in this Investment Fund, including its interest in the CDE that holds the loans made to BRTC. The Association may then choose to dissolve the loans to BRTC and may take fee simple ownership of the completed facility.

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year ended June 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The financial statements of the Association have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

2. *Measurement Focus, Basis of Accounting and Financial Statement Presentation*

In following with the Governmental Accounting Standards Board (GASB) Statement 34, the Association applies two financial statement presentations to the current year data: a consolidated government-wide presentation and an individual fund-based presentation.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Association considers revenues to be available if they are collected within 90 days of the end of the current fiscal period for all revenues other than grant revenues. A one-year period is used for revenue recognition for all grant revenues. Revenues considered susceptible to accrual primarily include sales tax revenues, state and federal revenues, and interest. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

Proprietary fund financial statements are also reported using the economic resources measurement focus and the accrual basis of accounting, as with government-wide financial statements. Proprietary funds distinguish operating revenues and expenses from non-operating items. There are two types of proprietary funds, internal service funds and enterprise funds for service provided to the public for a fee. For the Association's enterprise fund, the principal operating revenues are bus fares. Operating expenses for the enterprise fund include the cost of transit service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

3. *Government-wide Financial Statements*

The government-wide financial statements are designed to provide readers with a broad overview of the Association's finances, in a manner similar to a private-sector business. The statement of net position and statement of activities report information on all the activities of the Association. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Association's activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a specific function. Program revenues represent grants and contributions that are restricted to meeting the operational requirements of the Association's activities. Taxes and other items not properly included among program revenues are reported instead as general revenues.

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year ended June 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Fund Financial Statements

Fund financial statements show the activities of a grouping of related accounts, or fund that is used to maintain control over resources that have been segregated for specific activities or objectives. The Association, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Association fund financial statements include governmental and proprietary funds which are similar in nature to the governmental and business-type activities in the government-wide statements.

The Association considers the following governmental funds as major:

Planning and Administration Special Revenue Fund – used to account for transportation planning and administration activities of the Metropolitan Planning Organization (MPO) and the Regional Transportation Planning Agency (RTPA) which are funded from various federal, state and local sources.

State Highway Special Revenue Fund – used to account for the exchange of federal Regional Surface Transportation Program (RSTP) funds for more flexible state highway funds. These funds are allocated to the cities, town and County of Butte and are eligible for activities defined under Article XIX of the California state constitution, including planning, construction and maintenance of public streets and roads.

Local Transportation Special Revenue Fund – created pursuant to the Transportation Development Act (TDA) of 1971 to account for the proceeds of ¼ cent of the state's 7½ percent retail sales tax collected within Butte County and distributed by the California Board of Equalization. These funds are allocated to the Association and the County Auditor-Controller's Office for administration and planning and to local transit operators for transit service. Additional funding can be used by the cities, town and county for local streets and roads, once transit needs have been met.

State Transit Assistance Special Revenue Fund – created pursuant to the TDA to account for the allocations received from the State for transportation planning and mass transportation purposes. Funds are derived from the statewide sales tax on diesel fuel and passed through the State Controller's Office. These funds are allocated to local transit operators.

In addition, the Association has the following non-major governmental fund:

State of Good Repair Special Revenue Fund – created pursuant to Senate Bill 1 (SB1), the Road Repair and Accountability Act of 2017, to provide funding for transit maintenance, rehabilitation, and capital projects. Funds are derived from a portion of a new Transportation Improvement Fee on vehicle registrations and passed through the State Controller's Office. These funds are allocated to transit operators in the county.

The Association reports one major proprietary fund, which is sub-categorized as an enterprise fund because the source of the revenues collected are derived from the public:

Butte Regional Transit (BRT) Enterprise Fund – accounts for the B-line public transportation operations and capital assets. Funded by fare revenues, TDA allocations, and grants from the Federal Transit Administration (FTA).

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year ended June 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. *Assets, Liabilities and Net Position*

Cash and Cash Equivalents

The Association maintains specific cash deposits with the County and voluntarily participates in the external investment pool of the County. The Association considers all amounts held in the County's Treasury pool to be cash equivalents.

Due from/to Other Governments

These amounts represent receivables/payables with other federal, state and local governments.

Capital Assets

Capital assets, which include improvements and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Association defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at acquisition value, the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements and equipment are depreciated over the estimated useful lives of the assets (3-12 years) and the Oroville transit center is depreciated over the estimated useful life of 50 years on the straight-line method.

Compensated Absences

It is the Association's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. If the employee has accrued more than 240 hours of sick leave upon separation in good standing, the employee may be compensated for the portion over 240 hours at half (1/2) the normal rate of pay, up to a maximum of \$3,000. CalPERS members may use their sick leave at retirement as a credit, with 0.004 year of service credit for each unused sick day. Sick leave is included in accrual. All vacation pay is accrued when incurred in the government-wide financial statements. The liability for this amount is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The Planning and Administration Fund has been used to liquidate the compensated absences liability.

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year ended June 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

The government-wide and proprietary fund financial statements report net position presentation. Net position is categorized as the investment in capital assets, which is net of related debt, restricted and unrestricted.

Investment in capital assets – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the net position balance.

Restricted – This category represents external restrictions imposed by grantors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This category represents net position of the Association not restricted for any project or other purpose.

Fund Balance

Fund balance of governmental funds is reported in various categories based upon the nature of the spending constraints of the revenue sources of these funds. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance – amounts that are in nonspendable form (such as prepaid expenses) or are required to be maintained intact.

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance – amounts constrained to specific purposes by the Association itself, using its highest level of decision-making authority (i.e., board resolution). To be reported as committed, amounts cannot be used for any other purpose unless the Association takes the same highest level action to remove or change the constraint.

Assigned fund balance – amounts the Association intends to use for a specific purpose. Intent can be expressed by the Association's Board or an individual or body to whom the Association's Board has delegated the authority.

Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When expenditures are incurred for purposes for which both restricted and unrestricted resources are available, the Association considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Association considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Association's Board has provided otherwise in its commitment or assignment actions.

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year ended June 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Inflows of Resources

The statement of net position reports separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources represent an acquisition of net position that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expenditures/expense) or an inflow of resources (revenue) until the earning process is complete. Deferred outflows and inflows of resources are related to the Association's pension plan and OPEB plan, as described in Note M and N, respectively.

Pension Plan

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to the pension plan, and pension expense, information about the fiduciary net position of the Association'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.

Postemployment Benefits Other Than Pensions (OPEB)

The Association obtains an actuarial valuation report every two years. From this report, a supplementary schedule is prepared by the actuary with measurement dates one year in arrears of the financial report date.

For purposes of measuring the net 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 Association and additions to/deductions from the Association's fiduciary net position have been determined on the same basis as they are reported by the Association. For this purpose, the Association recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Indirect Costs

Expenditures are accumulated and allocated to the projects using an indirect cost rate, pre-approved by the Federal Highway Administration (FHWA), applied on the basis of direct labor and benefit costs incurred by the projects.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year ended June 30, 2024

NOTE B – NEW PRONOUNCEMENTS

The Association is currently analyzing the impact of the required implementation of these new statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or paid in cash or settled through noncash means and leave that has been used but not paid in cash or settled through noncash means. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in the liability for compensated absences. This Statement requires that a liability for certain types of compensated absences, including parental leave, military leave and jury duty leave, not be recognized until the leave commences. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. Governments are allowed to disclose the net change in the liability if identified as such in the footnotes to the financial statements. The provisions of this Statement are effective for years beginning after December 15, 2023.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This statement requires a government to assess whether an event or events associated with concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The provisions of this Statement are effective for year ended June 30, 2025.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This statement will implement changes to the financial reporting model including the Management's Discussion and Analysis, Unusual or Infrequent Items, presentation of the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position, Major Component Unit Information, and Budgetary Comparison Information. The provisions of this Statement are effective for the year ended June 30, 2026.

In October 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, that requires certain types of assets to be disclosed separately in the note disclosures and establishes requirements for capital assets held for sale.

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year ended June 30, 2024

NOTE C – BUDGETARY INFORMATION

The operating budget for the Association's Planning and Administration Fund is adopted as part of the Overall Work Program (OWP) which is approved annually by the Association's Board of Directors (the Board) and Caltrans. The Board also approves the annual B-line (BRT) Service Plan and Budget. The Association does not legally adopt annual budgets for the State Highway Fund, Local Transportation Fund, State Transit Assistance and State of Good Repair Funds, though allocation amounts are approved by the Board of Directors. Amendments which alter total expenditures of a work element budget within the OWP require approval by the Board and Caltrans. Amendments in the Butte Regional Transit Fund require approval of the Board of Directors.

The Planning and Administration Fund Budget and Actual report shows the revenues and expenditures of the original budget, as approved by the Board, and the final budget, which includes modifications of the original budget through amendments approved by the Board during the year.

The Board approved the Butte Regional Transit budget annual operating expenditures with no amendments to the original budget.

NOTE D – CASH AND INVESTMENTS HELD BY COUNTY TREASURER

In accordance with California Government Code, the Association is required to maintain its cash deposits related to its Local Transportation Fund, State Transit Assistance and State of Good Repair allocations with the County Treasurer. The Association maintains cash deposits with Butte County Treasury and voluntarily participates in the external investment pool of the County, which is not rated by national credit rating agencies. At June 30, 2024, the Association's restricted and unrestricted cash and investments of \$14,633,881, most of which is held in the County's investment pool, are valued at cost, which approximates fair value.

The County is restricted by the California Government Code in the types of investments it can make. Further, the County Treasurer has a written investment policy, approved by the Board of Supervisors, which is more restrictive than State code as to terms of maturity and types of investment. Also, the County has an investment committee, which performs regulatory oversight for its pool as required by California Government Code Section 27134. The County's investment policy authorizes the County to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, negotiable certificates of deposit, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, medium-term corporate notes, repurchase agreements, reverse repurchase agreements, and the State Treasurer's investment pool. The weighted average to maturity of the County's investment pool was 729 days.

The fair value of the pooled County Treasury at June 28, 2024 is 98.50% of cost. The value of the pool shares in the County, which may be withdrawn, is determined on an amortized cost basis, which is materially equivalent to the fair value of the Association's position in the pool. Information regarding the investments within the County's pool, including related risks, can be found in the County's Annual Comprehensive Financial Report (ACFR).

Restricted cash and investments represent cash received from any grant funding that requires separation of funds. Interest earned on these funds is also considered restricted. Grant funds are considered unearned revenue until used for the purpose specified for these funds; accumulated interest associated with these funds are held in the restricted fund balance. The restricted cash and investments balance of \$2,368,371 on June 30, 2024 is related to the California Low Carbon Transit Operations Program (LCTOP).

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year ended June 30, 2024

NOTE E – DUE FROM OTHER GOVERNMENTS

The Association receives considerable funding from other government agencies which make payments in arrears of expenditures. Due from other governments consisted of the following as of June 30, 2024:

	Planning and Administration	State Highway	Local Transportation Fund	State Transit Assistance	State of Good Repair	Butte Regional Transit	Total
California Department of:							
Transportation	\$ 1,178,426	\$ -	\$ -	\$ -	\$ -	\$ 1,635,189	\$ 2,813,615
Tax and Fee Administration	-	-	1,802,762	-	-	-	1,802,762
Housing & Community Development	119,000	-	-	-	-	-	119,000
California State Controller	-	-	-	683,473	94,559	-	778,032
Federal Transit Administration	-	-	-	-	-	3,179,155	3,179,155
	<u>\$ 1,297,426</u>	<u>\$ -</u>	<u>\$ 1,802,762</u>	<u>\$ 683,473</u>	<u>\$ 94,559</u>	<u>\$ 4,814,344</u>	<u>\$ 8,692,564</u>

NOTE F – LONG TERM NOTE RECEIVABLE

The Association shows long-term notes receivable of \$20,651,600 in the government-wide Statement of Net Position, which represents two loans held with Butte Regional Transportation Corporation (BRTC) for a total of \$16,535,000 and one promissory note held with an investment fund for \$4,116,600. The receivable from BRTC replaces an \$11,364,500 promissory note previously held with an investment fund. Both of the promissory notes were secured by a Fund Pledge Agreement for the purpose of establishing a qualified equity investment (QEI) with community development entities (CDE). The CDE's collectively funded subsidized loans to the Butte Regional Transportation Corporation (BRTC) to partially fund the construction of the Butte Regional Transit operations facility and solar installation. The note receivable is reflected in the unrestricted net position in the governmental activities. Details of the notes follow:

On March 10, 2016, the Association and Chase New Markets Tax Credit BCAG Transportation Center Investment Fund, LLC (Borrower), a Delaware limited liability corporation, entered into an agreement for the Association to loan \$11,364,500 to the Borrower, with a maturity date of September 1, 2042. As of March 10, 2023, the tax credits from the investment were exhausted. Consistent with notes to prior financial statements, on March 27, 2023, the Association acquired 100% of the interest in the Chase New Markets Tax Credit BCAG Transportation Investment Fund, LLC (Borrower) for an agreed upon price of \$1,000. At such time the Borrower held CDE's that held the loans of \$16,535,000 made to BRTC. The LLC and the CDE's were subsequently dissolved, and the underlying loans made to BRTC are now held by the Association in lieu of the original promissory note. The resulting situation left BRTC holding the lease for the Butte Regional Transit operations facility and the Association holding a note receivable from BRTC. The new note is in the amount of \$16,535,000. The Association and BRTC have agreed to forego loan payments in lieu of a credit on lease payments made to BRTC. In the future, the Association may choose to dissolve the loans with BRTC in return for ownership of the real and/or personal property funded with proceeds from the loans.

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year ended June 30, 2024

NOTE F – LONG TERM NOTE RECEIVABLE (Continued)

On November 29, 2018, the Association and Chase New Markets Tax Credit BCAG Phase 2 Investment Fund, LLC (Borrower 2), a Delaware limited liability corporation, entered into an agreement for the Association to loan \$4,116,600 to the Borrower 2 with a maturity date of December 1, 2044. From and after the effective date of November 29, 2018, the principal balance shall accrue interest at 1.0%, and such interest shall be payable in arrears, in quarterly installments, commencing on December 10, 2018. Interest payments totaling \$41,166 were received during the year ended June 30, 2024. Principal payments begin March 10, 2026. After March 10, 2026, the tax credits from the investment will be exhausted. At which time, the Association will have the option to acquire 100% of the interest in the Chase New Markets Tax Credit BCAG Phase 2 Investment Fund, LLC for an agreed upon price projected to be around \$1,000. The Association would then own the interest in the CDEs that hold the loans made to BRTC and may then choose to dissolve the loans and may take fee simple ownership of the completed facility.

NOTE G – CAPITAL ASSETS

As of June 30, 2024, the Association’s investment in capital assets for its governmental and business-type activities totaled \$9,663,819, net of accumulated depreciation. Capital assets in the government-wide financial statements are recorded as capital outlay expense in the governmental funds’ statements.

Capital asset activity for the fiscal year ended June 30, 2024 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental Activities:				
Land	\$ 570,000	\$ -	\$ -	\$ 570,000
Construction in Progress	406,041	959,785	-	1,365,826
Nondepreciated Capital Assets:	<u>976,041</u>	<u>959,785</u>	<u>-</u>	<u>1,935,826</u>
Office Equipment	1,131,912	10,903	(45,981)	1,096,834
Accumulated Depreciation	<u>(798,939)</u>	<u>(101,159)</u>	<u>45,981</u>	<u>(854,117)</u>
Depreciated Capital Assets:	<u>332,973</u>	<u>(90,256)</u>	<u>-</u>	<u>242,717</u>
Business-type Activites (BRT):				
Construction in Progress	-	250,701	-	250,701
Structures & Improvements	1,646,963	-	-	1,646,963
Vehicles & Equipment	16,785,680	68,891	-	16,854,571
Accumulated Depreciation	<u>(9,946,002)</u>	<u>(1,320,957)</u>	<u>-</u>	<u>(11,266,959)</u>
Depreciated Capital Assets:	<u>8,486,641</u>	<u>(1,252,066)</u>	<u>-</u>	<u>7,234,575</u>
Capital Assets, Net	<u>\$ 9,795,655</u>	<u>\$ (131,836)</u>	<u>\$ -</u>	<u>\$ 9,663,819</u>

Depreciation expense was charged to programs as follows:

Planning and Administrative	<u>\$ 101,159</u>
Transit Operations	<u>\$ 1,320,957</u>

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year ended June 30, 2024

NOTE G – CAPITAL ASSETS (Continued)

The Association is a fee title holder of land with a cost of \$570,000 to be used in mitigation of future capital projects. The Association is temporarily holding these properties until a suitable third party can be granted all rights to fee title. In mitigation, ecological boundaries may not necessarily coincide with jurisdictional political boundaries.

Construction in progress in the governmental activities relating to the Paradise Transit Center project continued with \$960,715 spent as of June 30, 2024. Also in the governmental activities, the design of solar enhancements for future electric bus infrastructure totals \$405,111. Construction in progress in the transit fund is also related to the future electric bus infrastructure.

Changes to the office equipment include the disposal of a copier and 10 iPads. Within the governmental activities, sound absorption was added to the board room.

For the fiscal year, BRT added 10 new annunciators and a bus air conditioning repair tool. No assets were disposed of within the BRT.

NOTE H– INTERAGENCY TRANSACTIONS/ TRANSFERS

Butte Regional Transit (BRT) reimburses the Planning and Administrative Fund for the salaries and benefits of the BRT administration and ADA staff, the BRT share of facility maintenance staff and the transit portion of the facility lease for a total of \$653,564 in the fiscal year. The revenue and expense in the Planning and Administration Fund are eliminated from the government-wide Statement of Activities so as not to double count these funds.

Interagency transfers are used to move revenues from a fund that is required by statute to receive them to a fund that statute or budget requires to expend them. During the fiscal year, the Local Transportation Fund transferred \$650,000 to the Planning and Administration Fund as part of the annual allocation of local transportation funds to support transit planning and Transportation Development Act administration. BRT transferred \$10,903 of equipment to the Planning and Administration Fund.

NOTE I – NONCURRENT LIABILITIES

Noncurrent liability activity for the fiscal year ended June 30, 2024 in the statement of net position was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Compensated absences	\$ 115,044	\$ 105,446	\$ 105,231	\$ 115,259
Net pension liability	1,263,122	188,699		1,451,821
Net OPEB liability	849,854		125,233	724,621
Total Noncurrent liabilities	<u>2,228,020</u>	<u>294,145</u>	<u>230,464</u>	<u>2,291,701</u>
Due within one year	<u>(57,522)</u>	-	-	<u>(57,629)</u>
Due in more than one year	<u>\$ 2,170,498</u>	<u>\$ 294,145</u>	<u>\$ 230,464</u>	<u>\$2,234,072</u>

For further information regarding the pension liability see Note M below. For further information regarding other postemployment benefits (OPEB) see Note N below.

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year ended June 30, 2024

NOTE J – OPERATING LEASE

Butte Regional Transit is committed to a lease agreement for the use and maintenance of the Chico Transit Center Building and grounds. The agreement is on a month-to-month basis and is cancellable with thirty days' notice by either party, or on March 31, 2027, whichever occurs first. Lease expenditures were \$6,000 for the year ended June 30, 2024.

The Association amended the September 1, 2016 lease agreement with Butte Regional Transportation Corporation (BRTC) for the BRT operations facility as of November 29, 2018, to include the solar canopy discussed below. The Association maintains functional control and responsibility for maintenance. As described in Note F, the Association may take ownership of the facility after March 10, 2026, at which time the lease would be cancelled. The Association has elected to not record these leases under GASB 87 due to the eminent title transfer. Lease payments for the fiscal year ending June 30, 2024 were \$41,260. Annual lease commitments under the BRTC facility agreement have been adjusted to include a credit for the offset of BRTC loan interest payable to the Association. Future annual lease commitments are adjusted as follows:

<u>Lease Period</u>	<u>Future Lease Payments</u>
7/1/2024 - 6/30/2025	\$ 41,260
7/1/2025 - 6/30/2026	150,702
7/1/2026 - 6/30/2027	260,144
7/1/2027 - 6/30/2028	260,144
7/1/2028 - 6/30/2029	260,144
7/1/2029 - 6/30/2034	1,300,720
7/1/2034 - 6/30/2039	1,300,720
7/1/2039 - 6/30/2044	1,300,720
7/1/2044 - 12/1/2049	1,300,720
7/1/2049 - 12/1/2050	390,216
	<u>\$ 6,565,490</u>

The Association entered into an equipment lease agreement with Butte Regional Transportation Corporation (BRTC) for the BRT solar panels, racking and inverters. The Association maintains functional control and responsibility for maintenance. As described in Note F, the Association may take ownership of the facility after March 10, 2026, at which time the lease would be cancelled. Equipment lease payments for the fiscal year ending June 30, 2024 were \$5,000. Future annual lease commitments are as follows:

<u>Lease Period</u>	<u>Future Lease Payments</u>
7/1/2024 - 6/30/2025	\$ 5,000
7/1/2025 - 6/30/2026	5,000
7/1/2026 - 6/30/2027	5,000
7/1/2027 - 6/30/2028	5,000
7/1/2028 - 6/30/2029	5,000
7/1/2029 - 6/30/2034	25,000
7/1/2034 - 6/30/2039	25,000
7/1/2039 - 6/30/2044	25,000
7/1/2044 - 12/1/2049	25,000
7/1/2049 - 12/1/2050	7,500
	<u>\$ 132,500</u>

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year ended June 30, 2024

NOTE K – UNEARNED REVENUES

Unearned revenue activity as of June 30, 2024 was as follows:

Unearned Revenues	Beginning Balance	Received	Expended	Ending Balance
Planning and Administration				
REAP 2.0 Advance	\$ 180,772	\$ -	\$ 81,953	\$ 98,819
SR191 Mitigation	33,239	-	16,620	16,619
Subtotal	<u>214,011</u>	<u>-</u>	<u>98,573</u>	<u>115,438</u>
Butte Regional Transit				
Capital reserve	4,637,962	500,000	68,054	5,069,908
Operations carryforward	3,227,503	-	1,037,820	2,189,683
LCTOP	1,744,869	522,292	26,272	2,240,889
Subtotal	<u>9,610,334</u>	<u>1,022,292</u>	<u>1,132,146</u>	<u>9,500,480</u>
Total Government-wide	<u>\$ 9,824,345</u>	<u>\$ 1,022,292</u>	<u>\$ 1,230,719</u>	<u>\$ 9,615,918</u>

The largest portion of the BRT unearned revenue balance, \$5,069,908, consists of local transportation fund allocations set aside for transit capital or transit planning needs. It is also utilized to cover cashflow from significant transit operating reimbursements from other governments which can be several months in arrears. The current balance covers approximately five months of service in the following budget year. These funds will be recognized as earned revenues when eligible expenditures are made.

Unearned operations revenue of \$2,189,683, represents local transportation allocations in excess of actual net expense in the fiscal year. These funds are applied towards operations in the following fiscal year and reduce the amount of TDA that is allocated to transit.

Also included in unearned revenue are various prefunded capital and operating grants that recognize revenue as expenditures are incurred.

- Regional Early Action Planning (REAP) grants are administered by the California Department of Housing and Community Development (HCD). The program funds the planning and development of activities that accelerate infill housing and reductions in per capita Vehicle Miles Traveled (VMT). The Association’s REAP 2.0 advance is applied to community outreach and priority setting, and the ongoing preparation of the 2024 Sustainable Communities Strategy.
- Mitigation funds are received for road projects from the federal and state transportation improvement program. SR 191 Mitigation funds include land management and stewardship funds on the Dixon Ranch Preserve property.
- The Low Carbon Transit Operations Program (LCTOP) created from the Transit, Affordable Housing and Sustainable Communities Program, established by California Senate Bill 862, provides operating and capital assistance to transit agencies to reduce greenhouse gas emission and improve mobility, with a priority on serving disadvantaged communities. The Association received \$522,292 in the current year which will be applied to the future purchase of an electric bus and related infrastructure. Current fiscal year expenditures of \$33,910 are related to a mobile ticketing application for the B-Line service and transit outreach. \$26,272 was covered with grant proceeds and \$7,638 of current year expense was covered with interest. Accumulated interest earned on restricted grants is included in restricted cash and totals \$127,482 as of June 30, 2024. Remaining grant funds and accrued interest as of June 30, 2024 totals \$2,368,371 which is reflected in restricted cash.

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year ended June 30, 2024

NOTE L – RISK MANAGEMENT

The Association is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Association reports all of its non-transit related risk management activities in its Planning and Administration Special Revenue Fund. The Association purchases commercial insurance through an insurance agent, who obtains the appropriate insurance coverage needed by the Association from insurance companies. The contractor providing transit operations services for BCAG is required to maintain insurance coverage related to all transit operations provided. Required minimum levels of coverage are included in the contractual agreement. To date there have been no significant reductions in any of the Association’s insurance coverages, and no settlement amounts have exceeded commercial insurance coverage in any of the last three years.

The Association obtains insurance coverage relating to workers’ compensation claims for employees through the State Compensation Insurance Fund. The Association makes monthly payments based on a percentage of payroll. There is no deductible paid by the Association regarding workers’ compensation.

The Association’s maximum coverage follows:

	Limits of Insurance
<u>Held by Butte County Association of Governments:</u>	
COMMERCIAL GENERAL LIABILITY COVERAGES (all locations)	
General aggregate limit	\$ 2,000,000
Each occurrence limit	1,000,000
Personal & advertising injury	1,000,000
Damage to rented premises (each occurrence)	100,000
Excess liability each occurrence/aggregate	5,000,000
Hired & Non-owned Auto Liability	1,000,000
Progressive Auto Policy - BCAG Truck	1,000,000
 PERSONAL PROPERTY COVERAGES	
<u>Location #1: BCAG Admin/ BRT Operations Facility, 326 Huss Dr, Chico, CA</u>	
Blanket building	23,512,421
Blanket business personal property	2,488,900
Blanket business income/loss of rents	227,000
Catastrophe limit	26,228,321
 <u>Location #2: Chico Transit Center, corner of 2nd & Salem</u>	
Business personal property	Included
 <u>Location #3: Oroville Transit Center, 2465 Spencer Ave</u>	
Business personal property	Included
Two restrooms - coverage limit each	Included
 DIRECTORS AND OFFICERS	 1,000,000
 <u>Held by Butte Regional Transit Contractor:</u>	
Commercial general liability	5,000,000
Business automobile insurance	5,000,000
Umbrella liability	10,000,000
Workers' compensation and employers liability	1,000,000
Damage to rented premises	1,000,000
Medical expense	10,000
Personal & advertising injury	5,000,000
Products - comp/op AGG	5,000,000

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year ended June 30, 2024

NOTE M – PENSION PLAN

Plan Description: All qualified permanent and probationary employees are eligible to participate in the Association’s cost-sharing multiple employer defined benefit pension plan (the Plan) administered by the California Public Employees’ Retirement System (CalPERS). The Association currently participates in the CalPERS Miscellaneous Plan, with separate contribution rates for employees hired after January 1, 2013 per California Public Employees’ Pension Reform Act of 2013 (PEPRA).

Benefit provisions under the Plan are established by state statute and BCAG Board resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and their beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 (52 for PEPRA employees) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the 1959 Survivor Benefit or the Optional Settlement 2W Death Benefit. The cost of living adjustment for the plan is applied as specified by the Public Employees’ Retirement Law.

The Plan’s provisions and benefits in effect July 1, 2023 to June 30, 2024, are summarized as follows:

	Miscellaneous Plan	
	Classic Rate Plan (Prior to January 1, 2013)	PEPRA Rate Plan (from January 1, 2013)
Hire date		
Benefit formula (at full retirement)	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age range for benefit factor	50 - 63	52 - 67
Benefit factor per retirement age	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.0%	7.75%
Required employer contribution rates	11.84%	7.68%

The Classic Miscellaneous Plan is closed to new members that are not already CalPERS eligible participants.

Contributions: Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary. Minimum contributions for the Plan are determined by CalPERS annually on an actuarial basis and reported in the Annual Valuation Report. The actuarially determined rates are the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Association is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2024, the Association’s contributions made to the Plan were \$206,854 which includes \$78,405 of required contributions to the unfunded accrued liability. Employee contributions totaled \$87,789 during the year ended June 30, 2024.

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year ended June 30, 2024

NOTE M – PENSION PLAN (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources: The Association records the valuation of the liability of the pension benefit, net of the contributions invested in the Plan, on the government-wide financial statements. A net pension liability included in the non-current liabilities and deferred outflows/inflows of resources are shown on the statement of net position. Pension expense is shown in the planning and administration program expense on the statement of activities.

As of June 30, 2024, the Association reported a net pension liability of \$1,451,821 for its share of the net pension liability. The Association's net pension liability is measured as the proportionate share of the Plan pool net pension liability as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 and rolled forward to June 30, 2023 using standard update procedures. The Association's proportionate share of the net pension liability for the Plan as of measurement dates June 30, 2022 and 2023 was as follows:

Proportionate share - June 30, 2022	0.02699%
Proportionate share - June 30, 2023	0.02903%
Change in net pension liability share	0.00204%

For the year ended June 30, 2024, the Association recognized pension expense of \$393,391 and reported the following deferred outflows of resources and deferred inflows of resources related to the Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 87,653	\$ -
Differences between actual and expected experience	74,167	11,505
Net differences between projected and actual investment earnings	235,063	-
Differences between employers contribution and employer's proportionate share of contributions	-	75,085
Change in employer's proportion	136,707	-
Pension contributions subsequent to measurement date	206,854	-
Total	\$ 740,444	\$ 86,590

In the deferred outflows of resources above, the \$206,854 related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following fiscal year. Other amounts reported as net deferred inflows of resources related to pensions will be recognized as adjustments to pension expense as follows:

<u>Fiscal Year ending June 30</u>	
2025	\$ 155,411
2026	101,582
2027	183,261
2028	6,746
2029	-
	\$ 447,000

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year ended June 30, 2024

NOTE M – PENSION PLAN (Continued)

Actuarial Assumptions: The total pension liabilities measured at June 30, 2023 in the CalPERS GASB 68 Accounting Report were determined using the following actuarial assumptions:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Actuarial cost method	Entry-Age Normal Cost Method
Actuarial assumptions:	
Discount rate	6.9%
Inflation	2.3%
Projected salary increase	Varies by entry age and service
Mortality rate table	Derived using CalPERS membership data for all funds
Post retirement benefit increase	Contract COLA up to 2.3%

The mortality rate table was developed based on CalPERS specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of scale MP 2020 published by the Society of Actuaries. For more details on this table, please refer to the December 2021 experience study report that can be found on the CalPERS website.

Discount Rate: The discount rate used to measure the total pension liability was 6.9%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at the current member contribution rates and that contributions from employers will be made at the statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return: In determining the long-term expected rate of return, CalPERS took into account the long-term market return expectations as well as the expected pension fund (Public Employees’ Retirement Fund) cash flows. Projected returns for all asset classes are estimated and combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year ended June 30, 2024

NOTE M – PENSION PLAN (Continued)

The expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10(a)
Global Equity cap-weighted	30.0%	4.54%
Global Equity non-cap-weighted	12.0%	3.84%
Private equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed securities	5.0%	0.50%
Investment grade corporates	10.0%	1.56%
High yield	5.0%	2.27%
Emerging market debt	5.0%	2.48%
Private debt	5.0%	3.57%
Real assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	100.0%	

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the Association's proportionate share of the net pension liability, calculated using the discount rate for the Plan, as well as what the Association's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	5.90%	6.90%	7.90%
Net pension liability	\$ 2,430,887	\$ 1,451,821	\$ 645,965

Pension Plan Fiduciary Net Position: Detailed information about each pension the plans fiduciary net position is available in the separately issued CalPERS financial reports.

Pension Plan Payable: At June 30, 2024, the Association reported no payables to the pension plan.

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year ended June 30, 2024

NOTE N – OTHER POSTEMPLOYEE BENEFITS (OPEB)

Plan Description: Effective September 1, 2006, the Association established a postemployment healthcare benefits plan (the Plan) which is contracted with the California Public Employees Retirement System (CalPERS). The Plan's provisions were approved by the Board of Directors under Resolution #2006/07-01. The Plan is a single-employer defined benefit plan under the Public Employee's Medical and Hospital Care Act (PEMHCA). Employees who retire upon attainment of age 50 and 5 years of service may continue to cover themselves and their dependents under the health plan. Medical coverage is provided through CalPERS under the PEMHCA, also referred to as PERS Health. The retired employee is responsible for the total premium less the minimum statutory amount under PEMHCA contributed by the Association, which is \$155/month for 2023. Additionally, employees with 10 years of continuous service are entitled to twelve months of paid health plan coverage (employee only) at the same rate immediately following retirement as the current employee contribution.

Effective December 9, 2021, the Association amended the Plan with Resolution #2021/22-06, replacing the additional coverage. Employees who retire at age 50 with fifteen years of service receive premium coverage at 75% for the retiree, spouse and dependents. Additionally, a longevity benefit covers the retiree, spouse and dependents at the Active Employee Rate upon retirement, payable for 12 to 48 months based on years of service as follows:

15 years: 12 months at Active Employee Rate
20 years: 24 months at Active Employee Rate
25 years: 36 months at Active Employee Rate
30 years: 48 months at Active Employee Rate

The Active Employee Rate is currently 90% and is subject to change, however, the current rate at retirement becomes the longevity benefit for the specified duration under the Plan.

Contributions: To ensure funding availability for these future post-employment benefits, the Association established a trust fund, effective June 24, 2015 with the California Employers' Benefit Trust (CERBT), a Section 155 trust fund dedicated to prefunding OPEB liabilities for all eligible California public agencies. The contribution requirements are established and may be amended by the Association. The contribution amount to prefund the benefits are determined annually during the budget process, based on actuarially determined rates and availability of funds. For the year ended June 30, 2023, the Association has no outstanding payments to the Plan and contributed \$121,718, which is included in salaries and benefits in the governmental funds and considered a deferred outflow of resources in the statement of net position. The total balance of the trust at June 30, 2023 is \$441,070.

Net OPEB Liability: Net OPEB liability of \$724,621 is the difference between the total actuarially determined OPEB liability and the Plan fiduciary net position invested in the CERBT. The Association's net OPEB liability reported as of June 30, 2024 is measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated July 1, 2023. As of the valuation date the Association had 13 active full-time employees who were eligible for post-retirement health benefits and one retiree who receives post-retirement health benefits.

Plan Fiduciary Net Position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERBT financial report at www.calpers.ca.gov.

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year ended June 30, 2024

NOTE N – OTHER POSTEMPLOYEE BENEFITS (Continued)

Components of the net OPEB liability reported as of June 30, 2024 were as follows:

As of Measurement date	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2022	\$ 1,166,695	\$ 316,841	\$ 849,854
Change in the year:			
Service cost	44,385	-	44,385
Interest	81,027	-	81,027
Change in assumptions	69,995	-	69,995
Differences in expected/actual experience	(174,693)	-	(174,693)
Contributions - employer	-	121,718	(121,718)
Actual investment income	-	24,532	(24,532)
Administrative expense/trust fees	-	(303)	303
Benefit payments	(21,718)	(21,718)	-
Net change	(1,004)	124,229	(125,233)
Balance at June 30, 2023	\$ 1,165,691	\$ 441,070	\$ 724,621

Actuarial Assumptions: The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	July 1, 2023
Measurement date	June 30, 2023
Actuarial cost method	Entry-age level percent of pay
Actuarial assumptions:	
Discount rate	6.0%
Return on assets	6.0%
Inflation rate	2.3%
Projected salary increase	2.8% per annum
Healthcare cost trend rate	5.5% to 2034, 4.5% to 2074, 4% after; Medicare 4%
Pre-retirement mortality rate	CalPERS Experience Study
Post-retirement mortality rate	CalPERS Experience Study

Retirement and termination assumptions used were based on a best estimate of future experience.

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year ended June 30, 2024

NOTE N – OTHER POSTEMPLOYEE BENEFITS (Continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound real return plus inflation. The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions).

Asset Class	Percentage of Portfolio	Expected Rate of Return
Global equity	49%	5.9%
Fixed income	23%	0.9%
Real estate investment trusts	20%	3.3%
Treasury inflation protected securities	5%	0.4%
Commodities	3%	0.4%
	100%	

Discount Rate: The discount rate used to measure the total OPEB liability was 6.0%, which is a decrease from the 6.75% rate used in the year ended June 30, 2023. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following presents the net OPEB liability of the Association, as well as what the Association's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease</u> 5.0%	<u>Discount Rate</u> 6.0%	<u>1% Increase</u> 7.0%
Net OPEB liability	\$ 824,013	\$ 724,621	\$ 635,546

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the net OPEB liability of the Association, as well as what the Association's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u> Trend rate for each future year decreased	<u>Healthcare Cost Trend Rate</u> 5.5% current, 4.0% ultimate, 4% Medicare	<u>1% Increase</u> Trend rate for each future year increased
Net OPEB liability	\$ 615,751	\$ 724,621	\$ 850,829

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year ended June 30, 2024

NOTE N – OTHER POSTEMPLOYEE BENEFITS (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources: For the year ended June 30, 2024, the Association recognized OPEB expense of \$117,638 and reported the following deferred outflows and inflows of resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 146,356	\$ -
Differences between employers contribution and employer's proportionate share of contributions		
Differences between actual and expected experience	39,137	156,960
Changes in assumptions	121,742	6,376
Net differences between projected and actual investment earnings	41,086	13,750
Total	\$ 348,321	\$ 177,086

In the deferred outflows of resources above, the \$146,356 related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the following fiscal year. Other amounts reported as net deferred outflows and net deferred inflows of resources related to pensions will be recognized as adjustments to OPEB expense as follows:

Fiscal Year Ending June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2025	\$ 46,695	\$ 29,413
2026	45,425	29,413
2027	45,422	22,538
2028	32,269	22,478
2029	10,993	20,435
Thereafter	21,161	52,809
	\$ 201,965	\$ 177,086

Recognition of Deferred Outflows and Deferred Inflows of Resources: Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The amortization period differs depending on the source of the gain or loss and the year the deferral was established. The net difference between projected and actual earnings on OPEB plan investments is recognized over 5 years. All other amounts are recognized over the expected average remaining service lifetime (EARSL) for all members (active and retirees), which ranges from 5.0 to 9.9 years in the current schedule.

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year ended June 30, 2024

NOTE O – DEFERRED COMPENSATION PLAN

The Association has established a deferred compensation plan under Internal Revenue Code (IRC) Section 457 to all regular full-time, part-time, and introductory employees. The plan permits employees to defer a portion of their salary to supplement their CalPERS retirement pension fund. All eligible participants may make voluntary pre-tax contributions to the plan up to the maximum allowed under the IRC. BCAG makes discretionary contributions to the 457 plan, based on an annually determined percentage of participants' salary, which are vested immediately. Participants individually direct the investment of their accounts from an assortment of investment options. For the year ending June 30, 2024, the Association made total contributions of \$40,372 to the plan.

NOTE P – CONTINGENCIES

The Association receives a significant portion of its revenues from the state of California and federal government agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies and the state controller's office. Any disallowed claims, including amounts already collected, may constitute a liability of the Association. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Association expects such amounts, if any, would be immaterial.

NOTE Q – COMMITMENTS

The Association has a contract for transit operations and maintenance service for the period beginning July 1, 2019 through June 30, 2024, with two two-year possible extensions. On 7/1/24 the first two-year extension was signed with the following maximum amounts payable:

Fiscal Year 2024/25	\$	9,700,987
Fiscal Year 2025/26	\$	10,140,059

The Association contracted for construction of the Paradise Transit Center in the amount of \$1,705,554. As of June 30, 2024, the remaining commitment is \$985,882.

NOTE R – SUBSEQUENT EVENTS

As provided for by Senate Bill 125 and Assembly Bill 102, appropriations were made to the State budget to provide funding for the Transit and Intercity Rail Capital Program (TIRCP) and the Zero-Emissions Transit Capital Program (ZETCP). The Association's share of the funding under these programs is \$23,989,331 to cover fleet conversion for Butte Regional Transit and to support design of the North Valley Rail project, if that project moves forward. This funding is expected to be received over the next four fiscal years.

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year ended June 30, 2024

NOTE S – COMPLIANCE REQUIREMENTS OF LOCAL TRANSPORTATION FUNDS

The Transportation Development Act (TDA) is defined at Chapter 4 of the California Public Utilities Code commencing with Section 99200. The Butte Regional Transit Fund is subject to TDA provisions requiring the calculation and adherence of fare and local support ratios for TDA transit funding. Fare revenue ratios are calculated as the percentage of fare revenue and other local support to net operating expense as calculated below. Butte Regional Transit para-transit operations must maintain minimum farebox ratios of 10%. The fixed route operations must maintain a minimum blended farebox ratio of 15.6%, as approved by Caltrans and BCAG Board as of the December 2021 meeting.

In July of 2021 the California Assembly passed AB149 that changed the definition of local support to include any nonstate funding. When taking this into account, all federal revenue is also included in the calculation.

For the year ending June 30, 2024, Butte Regional Transit is compliant with the required minimum farebox ratio for the blended fixed route and para-transit operations.

	Blended <u>Fixed Route</u>	Rural <u>Para-transit</u>	Urban <u>Para-transit</u>
Fare collection	\$ 1,054,867	\$ 46,213	\$ 172,108
Local revenue	124,817	20,551	4,381
Federal revenue	<u>3,872,238</u>	<u>271,115</u>	<u>966,238</u>
Total fares & local support	<u>\$ 5,051,922</u>	<u>\$ 337,879</u>	<u>\$ 1,142,727</u>
Operating expenses	\$ 10,093,561	\$ 732,815	\$ 2,160,634
Less: depreciation expense	<u>(1,195,854)</u>	<u>(80,940)</u>	<u>(44,163)</u>
Net operating expenses	<u>\$ 8,897,707</u>	<u>\$ 651,875</u>	<u>\$ 2,116,471</u>
Pre AB149 TDA Farebox Ratio	<u>13%</u>	<u>10%</u>	<u>8%</u>
Post AB149 TDA Farebox ratio	<u>56.8%</u>	<u>51.8%</u>	<u>54.0%</u>

REQUIRED SUPPLEMENTARY INFORMATION

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**BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
PLANNING AND ADMINISTRATION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year ended June 30, 2024**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Revenues:				
Federal grants	\$ 3,437,781	\$ 3,508,734	\$ 2,061,511	\$ (1,447,223)
State grants	1,456,614	1,481,565	625,696	(855,869)
Local reimbursements	763,148	763,148	653,564	(109,584)
Interest and other	207,060	207,060	70,321	(136,739)
Total revenues	<u>5,864,603</u>	<u>5,960,507</u>	<u>3,411,092</u>	<u>(2,549,415)</u>
Expenditures:				
Salaries and benefits	2,031,933	2,041,355	1,952,393	(88,962)
Services and supplies	2,247,915	2,390,319	1,059,142	(1,331,177)
Capital outlay	2,107,362	2,107,362	970,688	(1,136,674)
Total expenditures	<u>6,387,210</u>	<u>6,539,036</u>	<u>3,982,223</u>	<u>(2,556,813)</u>
Deficiency of revenues under expenditures	<u>(522,607)</u>	<u>(578,529)</u>	<u>(571,131)</u>	<u>7,398</u>
Other financing sources:				
Transfer in	<u>650,000</u>	<u>650,000</u>	<u>660,903</u>	<u>10,903</u>
Total other financing sources	<u>650,000</u>	<u>650,000</u>	<u>660,903</u>	<u>10,903</u>
Net change in fund balance	127,393	71,471	89,772	<u>\$ 18,301</u>
Fund balance - beginning	<u>450,748</u>	<u>450,748</u>	<u>450,748</u>	
Fund balance - ending	<u>\$ 578,141</u>	<u>\$ 522,219</u>	<u>\$ 540,520</u>	

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

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year ended June 30, 2024

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY-
 MISCELLANEOUS PLAN (UNAUDITED)**

Fiscal year ended	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
Proportion of the net pension liability	0.02274%	0.02033%	0.02080%	0.02145%	0.02131%	0.02203%	0.02356%	0.01877%	0.02699%	0.02903%
Proportionate share of the net pension liability	\$ 561,981	\$ 557,623	\$ 722,431	\$ 845,578	\$ 803,040	\$ 882,173	\$ 993,976	\$ 356,313	\$ 1,263,122	\$ 1,451,821
Covered payroll - measurement date	\$ 815,082	\$ 900,972	\$ 894,787	\$ 955,360	\$ 1,032,893	\$ 990,193	\$ 1,138,555	\$ 1,147,872	\$ 1,191,830	\$ 1,198,878
Proportionate share of the net pension liability as a percentage of covered payroll	68.95%	61.89%	80.74%	88.51%	77.75%	89.09%	87.30%	31.04%	105.98%	121.10%
Plan fiduciary net position as a percentage of the total pension liability	80.02%	81.71%	78.03%	77.88%	80.82%	80.94%	79.72%	93.77%	80.79%	79.94%
CalPERS GASB 68 Accounting Report- measurement date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Discount rate/Investment rate of return	7.50%	7.65%	7.65%	7.15%	7.15%	7.15%	7.15%	7.15%	6.90%	6.90%

Notes to Schedule:

Change in Benefit Terms: There were no changes in benefits.

Changes in assumptions: There were no changes in assumptions.

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year ended June 30, 2024

**SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN-
MISCELLANEOUS PLAN (UNAUDITED)**

Fiscal year ended	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
Contractually required contribution (actuarially determined)	\$ 111,351	\$ 110,360	\$ 123,148	\$ 136,521	\$ 123,802	\$ 156,237	\$ 174,741	\$ 188,599	\$ 202,195	\$ 206,854
Contributions made	(111,351)	(110,360)	(123,148)	(136,521)	(123,802)	(156,237)	(174,741)	(188,599)	(202,195)	(206,854)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll- fiscal year	\$ 900,972	\$ 894,787	\$ 955,360	\$ 1,032,893	\$ 990,193	\$ 1,138,555	\$ 1,147,872	\$ 1,191,830	\$ 1,198,878	\$ 1,222,448
Contributions as a percentage of covered payroll	12.36%	12.33%	12.89%	13.22%	12.50%	13.72%	15.22%	15.82%	16.87%	16.92%
CalPERS Actuarial Valuation Report for required contributions:	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021

Methods and assumptions in the valuation reports used to determine contribution rates:

Actuarial cost method	Entry age normal cost method									
Amortization method of unfunded liability	Level percentage of assumed future payroll									
Asset valuation method	15-yr smooth Mkt	Market value of assets								
Salary growth	Varies by Entry Age and Service									
Discount Rate	7.50%	7.50%	7.50%	7.50%	7.375%	7.25%	7.00%	7.00%	7.00%	6.80%
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%	2.625%	2.50%	2.50%	2.50%	2.30%
Overall payroll growth for unfunded liability	3.00%	3.00%	3.00%	3.00%	3.00%	2.875%	2.75%	2.75%	2.75%	2.80%

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year ended June 30, 2024

OTHER POSTEMPLOYMENT BENEFITS
SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN (UNAUDITED)

Fiscal year ended	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
Actuarially determined contribution* - employer fiscal year	\$ 24,534	\$ 23,698	\$ 31,620	\$ 32,569	\$ 62,864	\$ 92,813	\$ 102,610
Contributions in relation to the actuarially determined contributions	15,000	30,000	30,000	30,000	60,000	114,044	121,718
Contribution deficiency (excess)	<u>\$ 9,534</u>	<u>\$ (6,302)</u>	<u>\$ 1,620</u>	<u>\$ 2,569</u>	<u>\$ 2,864</u>	<u>\$ (21,231)</u>	<u>\$ (19,108)</u>
Covered-employee payroll - measurement date	\$ 955,360	\$ 1,032,893	\$ 990,193	\$ 1,138,555	\$ 1,147,872	\$ 1,191,830	\$ 1,198,878
Contributions as a percentage of covered-employee payroll	1.57%	2.90%	3.03%	2.63%	5.23%	9.57%	10.15%
Notes to contribution schedule:							
Valuation date	July 1, 2017	July 1, 2017	July 1, 2019	July 1, 2019	July 1, 2021	July 1, 2021	July 1, 2023
Measurement period - fiscal year ended	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Reporting period - fiscal year ended	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024

*Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

	Actuarial cost method		Entry-age normal cost method		Amortization method		
	20 years	20 years	20 years	20 years	20 years	20 years	30 years
Amortization method			Level percentage of payroll				
Amortization period of net liability	20 years	20 years	20 years	20 years	20 years	20 years	30 years
Healthcare cost trend rates	6.0%	5.0%	6% to 5%	5.8% to 5%	5.8% to 5%	5.2% to 4%	5.5% to 4%
Salary increases	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	2.8%
Discount rate	6.5%	6.75%	6.75%	6.75%	6.75%	6.75%	6.00%

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year ended June 30, 2024

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)

	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
Total OPEB liability:							
Service cost	\$ 14,122	\$ 14,546	\$ 17,707	\$ 16,011	\$ 18,351	\$ 24,630	\$ 44,385
Interest	10,593	12,199	14,094	22,633	25,400	54,902	81,027
Change of benefits	-	-	-	-	-	601,278	-
Changes of assumptions	-	(5,632)	(9,358)	-	102,660	-	69,995
Differences between expected and actual experience	-	-	88,062	-	(4,426)	-	(174,693)
Changes in benefit terms	-	-	-	-	-	-	-
Benefit payments	-	-	-	-	-	(14,044)	(21,718)
Net change in total OPEB liability	24,715	21,113	110,505	38,644	141,985	666,766	(1,004)
Total OPEB liability - beginning	162,967	187,682	208,795	319,300	357,944	499,929	1,166,695
Total OPEB liability - ending (a)	\$ 187,682	\$ 208,795	\$ 319,300	\$ 357,944	\$ 499,929	\$ 1,166,695	\$ 1,165,691
Plan fiduciary net position:							
Contributions - employer	\$ 15,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 60,000	\$ 114,044	\$ 121,718
Net investment income	3,137	4,343	8,567	2,814	46,923	(43,775)	24,532
Benefit payments	-	-	-	-	-	(14,044)	(21,718)
Administrative expense/trust fees	(27)	(51)	(84)	(65)	(171)	(244)	(303)
Net change in plan fiduciary net position	18,110	34,292	38,483	32,749	106,752	55,981	124,229
Plan fiduciary net position - beginning	30,474	48,584	82,876	121,359	154,108	260,860	316,841
Plan fiduciary net position - ending (b)	\$ 48,584	\$ 82,876	\$ 121,359	\$ 154,108	\$ 260,860	\$ 316,841	\$ 441,070
Net OPEB liability - ending (a)-(b)	\$ 139,098	\$ 125,919	\$ 197,941	\$ 203,836	\$ 239,069	\$ 849,854	\$ 724,621
Plan fiduciary net position as a percentage of the total OPEB liability	25.89%	39.69%	38.01%	43.05%	52.18%	27.16%	37.84%
Covered-employee payroll - measurement period	\$ 955,360	\$ 1,032,893	\$ 990,193	\$ 1,138,555	\$ 1,147,872	\$ 1,191,830	\$ 1,198,878
Net OPEB liability as percentage of covered-employee payroll	14.56%	12.19%	19.99%	17.90%	20.83%	71.31%	60.44%
Annual money-weighted rate of return, net of investment expenses	6.86%	10.08%	8.74%	2.11%	25.67%	-13.43%	6.71%
Notes to schedule:							
Valuation date	July 1, 2017	July 1, 2017	July 1, 2019	July 1, 2019	July 1, 2021	July 1, 2021	July 1, 2023
Measurement period - fiscal year ended	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Reporting period - fiscal year ended	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
Benefit changes: None.							
Discount rate	6.50%	6.75%	6.75%	6.75%	6.75%	6.75%	6.00%

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

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SUPPLEMENTARY INFORMATION

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BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BY WORK ELEMENT - BUDGET AND ACTUAL
PLANNING AND ADMINISTRATION SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Work Element Number	Budgeted Amounts		Actual-Funding Sources									Variance with Final Budget	
		Original	Final	FHWA-PL FTA 5303	SB1 STS	FTA 5304	LTF/ Interest/ Other	State REAP	State SHOPP	CRRSAA	FTA 5307	CMAQ		Totals
Revenues:														
	Federal grants	\$ 3,437,781	\$ 3,508,734	\$ 937,473	\$ -	\$ 174,144	\$ -	\$ -	\$ -	\$ 918,305	\$ 25,146	\$ 6,443	\$ 2,061,511	\$ (1,447,223)
	State grants	1,456,614	1,481,565	-	205,520	-	113,000	200,953	16,620	89,603	-	-	625,696	(855,869)
	Local reimbursements	763,148	763,148	-	-	-	653,564	-	-	-	-	-	653,564	(109,584)
	Local transportation funds	650,000	650,000	-	-	-	650,000	-	-	-	-	-	650,000	-
	Interest and other	207,060	207,060	-	-	-	70,321	-	-	-	-	-	70,321	(136,739)
	Total revenues	6,514,603	6,610,507	937,473	205,520	174,144	1,486,885	200,953	16,620	1,007,908	25,146	6,443	4,061,092	(2,549,415)
Expenditures:														
	OWP Development & Reporting	100	246,240	246,240	177,617		23,012						200,629	45,611
	Outreach, Education, & Intergovernmental Coord	101	95,990	95,990	63,764		8,261						72,025	23,965
	Regional Transportation Model	102	111,324	111,324	89,116		11,546						100,662	10,662
	Regional GIS Coordination	103	68,162	68,162	58,166		7,536						65,702	2,460
	Transportation Air Quality Planning	104	20,662	20,662	17,623		2,283						19,906	756
	Federal Trans. Improvement Program (FTIP)	105	51,950	51,950	42,315		5,482						47,797	4,153
	Regional Trans. Improvement Program (RTIP)	106	38,963	48,306	35,162		4,556						39,718	8,588
	Regional Trans. Plan/Sustain Communities Strategy	107	205,082	205,082	105,244		13,635						118,879	86,203
	REAP Implementation	108	995,489	995,489				119,000					119,000	876,489
	US Census Data Affiliate Center Administration	109	20,662	20,662	17,232		2,233						19,465	1,197
	Intelligent Transport Systems	110	12,988	12,988	11,106		1,439						12,545	443
	Complete Streets	111	25,975	26,584	26,584		1,041						27,625	(1,041)
	Regional Performance Measures	120	33,649	33,649	26,999		3,498						30,497	3,152
	STP 23/24-Regional Travel Survey	126	212,382	212,382		178,750	45,212						223,962	(11,580)
	REAP 2.0 2024 SCS Development	127	165,000	165,000				81,953					81,953	83,047
	SB1 Planning 2022/23-2024 SCS Development	129	-	30,238		26,770	3,469						30,239	(1)
	North Valley Rail (5304)	130	155,001	259,219		174,144	22,562						196,706	62,513
	North Valley Rail (PL)	130.1	313,591	313,591	126,071		16,334			89,603			232,008	81,583
	Paradise Transit Center	215	2,107,362	2,107,362			35,037			918,305		6,443	959,785	1,147,577
	SR 191 Mitigation	216	9,000	9,000									16,620	(7,620)
	TDA Administration	300	75,901	75,901			57,350		16,620				57,350	18,551
	Trans System Planning	301	184,460	191,878	115,732		25,862				25,146		166,740	25,138
	Butte Regional Transit Administration	302	540,702	540,702			514,100						514,100	26,602
	ADA Certification	303	43,917	43,917			32,348						32,348	11,569
	Electric Bus Rollout Plan	308	66,967	66,967	24,742		26,825						51,567	15,400
	Indirect Costs, net of applied cost rate	999	585,791	585,791			533,492						533,492	52,299
	Total expenditures	6,387,210	6,539,036	937,473	205,520	174,144	1,397,113	200,953	16,620	1,007,908	25,146	6,443	3,971,320	2,567,716
	Excess (deficiency) of revenues over (under) expenditures	\$ 127,393	\$ 71,471	\$ -	\$ -	\$ -	\$ 89,772	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,772	\$ 18,301
	Fund balance - beginning						450,748						450,748	
	Fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 540,520	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 540,520	\$ -

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
SCHEDULE OF DIRECT AND INDIRECT COSTS
PLANNING AND ADMINISTRATION SPECIAL REVENUE FUND
For the Fiscal Year ended June 30, 2024

	Direct Costs	Allowable Indirect Costs	Unallowable/ Locally funded Indirect Costs	Total
Total salaries and benefits	\$ 950,866	\$ 779,505	\$ 222,022	\$ 1,952,393
Direct services and supplies	1,695,798			1,695,798
INDIRECT COSTS OTHER THAN SALARY & BENEFITS:				
Communications		2,180	-	2,180
Household		17,658	10,917	28,575
Insurance		20,195	-	20,195
Computer Maintenance		41,937	-	41,937
Maintenance - building		12,925	-	12,925
Memberships		8,668	1,965	10,633
Office expense		15,398	-	15,398
Professional services		56,727	60,355	117,082
Public notices		4,280	-	4,280
Equipment lease		4,406	5,000	9,406
Facility lease		-	41,260	41,260
Special expense		3,854	-	3,854
Training		2,324	-	2,324
Travel		11,573	-	11,573
Utilities		5,132	7,278	12,410
Subtotal	_____	207,257	126,775	334,032
Total costs	\$ 2,646,664	986,762	\$ 348,797	\$ 3,982,223
Under-absorbed indirect costs		(184,701)		
Total allocated indirect costs		\$ 802,061		
Reconciliation of expenditures to the Planning and Administration Fund:				
Total direct and indirect costs		\$ 3,982,223		
Depreciation		-		
Total Planning and Administration Fund expenditures		\$ 3,982,223		

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS

**LOCAL TRANSPORTATION FUND
SCHEDULE OF ALLOCATIONS AND DISBURSEMENTS**

For the Fiscal Year ended June 30, 2024

TDA Purpose		Beginning Unallocated/ Reserved	Allocation of Apportionment	Disbursement	Ending Unallocated / Reserved
City of Biggs					
99400(a)	Pedestrian and bicycle	\$ -	\$ -	\$ -	\$ -
99400(a)	Streets and roads	-	-	-	-
	Unallocated apportionment	-	90,476	-	90,476
	Total	<u>-</u>	<u>90,476</u>	<u>-</u>	<u>90,476</u>
City of Chico					
99400(a)	Pedestrian and bicycle	-	1,862,806	1,862,806	-
99400(a)	Streets and roads	-	1,953,382	1,953,382	-
99400(b)	Other passenger rail	-	157,116	157,116	-
99400(c)	General public transit	-	1,450	1,450	-
99402	Streets and roads planning	-	417,656	417,656	-
	Unallocated apportionment	-	490,302	-	490,302
	Total	<u>-</u>	<u>4,882,712</u>	<u>4,392,410</u>	<u>490,302</u>
City of Gridley					
99260(a)	Public transportation	-	-	-	-
99400(a)	Streets and roads	-	-	-	-
	Unallocated apportionment	-	343,173	-	343,173
	Total	<u>-</u>	<u>343,173</u>	<u>-</u>	<u>343,173</u>
City of Oroville					
99400(a)	Pedestrian and bicycle	-	450,000	450,000	-
99400(a)	Streets and roads	-	432,438	432,438	-
	Unallocated apportionment	-	-	-	-
	Total	<u>-</u>	<u>882,438</u>	<u>882,438</u>	<u>-</u>
Town of Paradise					
99400(a)	Pedestrian and bicycle	-	17,942	17,942	-
99400(a)	Streets and roads	-	537,371	537,371	-
99402	Streets and roads planning	-	-	-	-
	Unallocated apportionment	547,623	(139,668)	-	407,955
	Total	<u>547,623</u>	<u>415,645</u>	<u>555,313</u>	<u>407,955</u>
County of Butte					
99233.1	TDA administration	-	25,000	25,000	-
99400(b)	Other passenger rail	-	1,680	1,680	-
99400(c)	Elderly and handicapped	-	3,800	3,800	-
99400(a)	Streets and roads	-	2,727,226	2,727,226	-
99402	Streets and roads planning	-	174	174	-
	Unallocated apportionment	-	-	-	-
	Total	<u>-</u>	<u>2,757,880</u>	<u>2,757,880</u>	<u>-</u>
Butte Regional Transit					
99260(a)	Public transportation	-	1,881,385	1,881,385	-
99262	Capital retained in LTF fund	2,200,000	500,000	500,000	2,200,000
	Total	<u>2,200,000</u>	<u>2,381,385</u>	<u>2,381,385</u>	<u>2,200,000</u>
Butte County Association of Governments					
99233.1	TDA administration	-	75,901	75,901	-
99233.2	TDA planning	-	574,099	574,099	-
	Total	<u>-</u>	<u>650,000</u>	<u>650,000</u>	<u>-</u>
	Total LTF	<u>\$ 2,747,623</u>	<u>\$ 12,403,709</u>	<u>\$ 11,619,426</u>	<u>\$ 3,531,906</u>

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS

**STATE TRANSIT ASSISTANCE FUND
SCHEDULE OF ALLOCATIONS AND DISBURSEMENTS
For the Fiscal Year ended June 30, 2024**

<u>TDA Purpose</u>	<u>Beginning Balance</u>	<u>Allocation of Apportionment</u>	<u>Disbursements</u>	<u>Ending Balance</u>
City of Gridley, Taxi Service				
6730(a) Operating	\$ -	\$ -	\$ -	\$ -
Unallocated apportionment		90,434		90,434
Total	<u>-</u>	<u>90,434</u>	<u>-</u>	<u>90,434</u>
Butte Regional Transit				
6730(a) Operating	-	2,159,566	2,159,566	-
Butte Regional Transit (retained in STA fund)				
6730(b) Capital retained in STA fund	800,000	750,000	-	1,550,000
Total	<u>800,000</u>	<u>2,909,566</u>	<u>2,159,566</u>	<u>1,550,000</u>
Total STA	<u>\$ 800,000</u>	<u>\$ 3,000,000</u>	<u>\$ 2,159,566</u>	<u>\$ 1,640,434</u>

**STATE OF GOOD REPAIR FUND
SCHEDULE OF ALLOCATIONS AND DISBURSEMENTS
For the Fiscal Year ended June 30, 2024**

<u>SGR Purpose</u>	<u>Beginning Balance</u>	<u>Allocation of Award</u>	<u>Disbursements</u>	<u>Ending Balance</u>
Butte Regional Transit				
Capital replacement	<u>\$ 1,603,297</u>	<u>\$ 361,330</u>	<u>\$ 68,530</u>	<u>\$ 1,896,097</u>

COMPLIANCE REPORTS

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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*, THE
TRANSPORTATION DEVELOPMENT ACT AND OTHER STATE PROGRAM GUIDELINES

To the Board of Directors
Butte County Association of Governments
Chico, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Butte County Association of Governments (the Association), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements, and have issued our report thereon dated February 21, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) as a basis for designing auditing 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 the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association'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 (Including Other State Program Guidelines)

As part of obtaining reasonable assurance about whether the Association's financial statements are free of 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. Our audit was further made to determine that Transportation Development Act (TDA) Funds allocated and received by the Association were expended in conformance with the applicable statutes, rules and regulations of the TDA and Sections 6661, 6662 and 6667 of the California Code of Regulations. We also tested the receipt and appropriate expenditures of bond funds, as presented in Note K to the financial statements, in accordance with other state program guidelines.

To the Board of Directors
Butte County Association of Governments

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*, the TDA or other state program guidelines.

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*, the TDA and other state program guidelines in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richardson & Company, LLP

February 21, 2025

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

To the Board of Directors
Butte County Association of Governments
Chico, California

Report on Compliance for Each Major Federal Program

We have audited the Butte County Association of Governments' (the Association) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Association's major federal programs for year ended June 30, 2024. The Association's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Association's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Association's compliance.

Opinion on Each Major Federal Program

In our opinion, the Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Report on Internal Control over Compliance

Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine

To the Board of Directors
Butte County Association of Governments

the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Richardson & Company, LLP

February 21, 2025

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2024

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

- | | |
|----------------------------------------------------------------------------------|------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal controls over financial reporting: | |
| a. Material weaknesses identified | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|----------------------------------------------------------------------------------------------------------------|------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 2. Type of auditor's report issued on compliance for major programs: | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR, Section 200.516(a)? | No |

4. Identification of major programs:

CFDA Number

Name of Federal Program

20.507 & 20.526

U.S. Department of Transportation, Federal Transit Cluster, Federal Transit Formula Grants, Bus and Bus Facilities Formula Program

- | | |
|-----------------------------------------------------------------------------|------------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs? | \$ 750,000 |
| 6. Auditee qualified as a low-risk auditee under 2 CFR, Section 200.516(a)? | Yes |

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

For the Year Ended June 30, 2024

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

D. PRIOR YEAR FINDINGS

None

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Federal Assistance Listing (AL) Number	Grant Number	BCAG Project Description	Expenditures
<u>Department of Transportation</u>				
Passed through the State of California, Department of Transportation				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	MFTA 74A0808	Transportation Planning	836,748
Federal Transit - Metropolitan Planning Grants	20.505	MFTA 74A0808	Transit Planning	100,725
State Planning and Research	20.505	MFTA 74A0808	North Valley Rail Planning	174,144
			<i>Subtotal 20.505</i>	<u>1,111,617</u>
Formula Grants for Rural Areas and Tribal Transit Program				
American Rescue Plan	20.509	64MO21-01897	FTA 5311(f) ARPA operating	48,707
American Rescue Plan	20.509	64TO21-01821	FTA 5311 ARPA operating	271,115
Coronavirus Relief (CRRSAA)	20.509	64RC21-01598	Paradise Transit Center	918,305
Intercity Bus Program	20.509	64CO21-01475	FTA 5311(f) BRT Operating-Rural FR	300,000
Nonurbanized Area Formula Program	20.509	64BO21-01684	FTA 5311 BRT Operating-Rural FR	1,015,367
			<i>Subtotal 20.509</i>	<u>2,553,494</u>
Direct award from Department of Transportation,				
Federal Transit Cluster				
Federal Transit Administration				
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	CA-2017-099	16/17 5339 Capital	56,669
Federal Transit Formula Grants				
Urbanized Area Formula Program	20.507	CA-2017-099	16/17 5307 Capital	14,979
Urbanized Area Formula Program	20.507	CA-2019-083	19/20 5307 Capital	200,560
Urbanized Area Formula Program	20.507	CA 2020-207-02	FTA 5307 Transit Planning	25,146
Urbanized Area Formula Program	20.507	CA 2017-012	CMAQ Paradise Transit Center	6,443
Urbanized Area Formula Program	20.507	CA 2024-146	FTA 5307 BRT Operating	3,179,155
Urbanized Area Formula Program	20.507	CA 2022-110-02	FTA 5307 ARP Operating	287,433
			<i>Subtotal 20.507</i>	<u>3,713,716</u>
			<i>Total Federal Transit Cluster</i>	<u>3,770,385</u>
Total awards				<u>\$ 7,435,496</u>

BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2024

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Butte County Association of Governments (the Association) under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the Association's operations, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the Association.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenses reported on the Schedule are reported on the accrual basis of accounting. Such expenses are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenses are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST ALLOCATION PLAN

The Association has an indirect cost allocation plan (ICAP) approved by the California State Transportation Agency, Department of Transportation (CalTrans) that is charged to programs where allowed under the related agreements. The ICAP during the year ended June 30, 2024 included an approved indirect cost rate of 84.35% of the total direct salaries and wages.

NOTE D – SUBRECIPIENTS

There were no subrecipients of the Association's programs during the year ended June 30, 2024.

NOTE E – PROGRAM COSTS/MATCHING CONTRIBUTIONS

The amounts shown as current year expenses represent only the federal grant portion of the program costs. Entire program costs, including the Association's portion, may be more than shown.

NOTE F – NONCASH AWARDS

No noncash awards existed in the current year.