

TOWN OF LOOMIS

TRANSPORTATION DEVELOPMENT ACT FUNDS

Audited Financial Statements
and Compliance Report

June 30, 2015

TOWN OF LOOMIS

TRANSPORTATION DEVELOPMENT ACT FUNDS

Audited Financial Statements
and Compliance Report

June 30, 2015

Audited Financial Statements

Independent Auditor's Report	1
Balance Sheets	3
Statements of Revenues, Expenditures and Changes in Fund Balance.....	4
Notes to Financial Statements	5

Compliance Report

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 <i>Government Auditing Standards</i> , the Transportation Development Act, and the Public Transportation Modernization Improvement and Services Enhancement Account (PTMISEA) Guidelines.....	8
--	---



550 Howe Avenue, Suite 210
Sacramento, California 95825
Telephone: (916) 564-8727
FAX: (916) 564-8728

INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Loomis, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Transportation Development Act Funds allocated to the Town of Loomis (the Funds), as of and for year ended June 30, 2015, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Transportation Development Act Funds allocated to the Town of Loomis as of June 30, 2015, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Town Council
Town of Loomis, California

Emphasis-of-Matter

As discussed in Note B, the financial statements present only the Transportation Development Act Funds allocated to the Town of Loomis and do not purport to, and do not, present fairly the financial position of the Town of Loomis as of June 30, 2016, the changes in financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted management’s discussion and analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2016 on our consideration of the Town’s internal control over financial reporting related to the Funds and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, and the Transportation Development Act. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town’s internal control over financial reporting and compliance.

Richardson & Company, LLP

March 10, 2016

TOWN OF LOOMIS
TRANSPORTATION DEVELOPMENT ACT FUNDS

BALANCE SHEETS

June 30, 2015

	Transit Fund	Transportation Fund	Total
ASSETS			
Cash and Investments	\$ 73,203	\$ 460,644	\$ 533,847
Due from other governments	-	23,069	23,069
TOTAL ASSETS	\$ 73,203	\$ 483,713	\$ 556,916
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 56,256	\$ 40,783	\$ 97,039
Due to other Town funds	16,824	419,861	436,685
TOTAL LIABILITIES	73,080	460,644	533,724
FUND BALANCE			
Restricted	123	23,069	23,192
TOTAL FUND BALANCE	123	23,069	23,192
TOTAL LIABILITIES AND FUND BALANCE	\$ 73,203	\$ 483,713	\$ 556,916

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

TOWN OF LOOMIS
TRANSPORTATION DEVELOPMENT ACT FUNDS

STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2015

	Transit Fund	Transportation Fund	Total
REVENUES			
Local Transportation Funds:			
Transit	\$ 31,132	\$ 296,728	\$ 327,860
Pedestrian and bike		23,069	23,069
State transit assistance	23,666		23,666
Proposition 1b Funds:			
PTMISEA		56,205	56,205
TSSDRA		4,543	4,543
Interest revenues	123	(520)	(397)
TOTAL REVENUES	54,921	380,025	434,946
EXPENDITURES			
Streets and roads:			
Services and supplies		1,725,451	1,725,451
Purchased transportation	56,256		56,256
TOTAL EXPENDITURES	56,256	1,725,451	1,781,707
OTHER FINANCING SOURCES			
Transfers in		1,759,542	1,759,542
TOTAL OTHER FINANCING SOURCES		1,759,542	1,759,542
CHANGES IN FUND BALANCE	(1,335)	414,116	412,781
Fund balances at beginning of year	1,458	(391,047)	(389,589)
FUND BALANCES AT END OF YEAR	\$ 123	\$ 23,069	\$ 23,192

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

TOWN OF LOOMIS
TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE A – ORGANIZATION

The Town of Loomis (the Town) receives funds from the Placer County Transportation Planning Agency under the provisions of the Transportation Development Act (TDA) from the Placer County Local Transportation Fund (LTF) under Article 8, Section 99400(a) and 99400(b) and the State Transit Assistance Fund under Article 4, Section 6731(b). The funds represent amounts needed to meet the transportation needs of the Town not otherwise met. The STAF Funds are to be used for public transit purposes only.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The financial statements of the Transportation Development Act Funds of the Town of Loomis (the Funds) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity: The financial statements are intended to present the financial position and results of operations of only those transactions recorded in the Funds. The Funds are included in the financial statements of the Town.

Fund Accounting: The accounts of the Town are organized on the basis of funds. A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity.

The Town utilizes the special revenue fund type of the governmental fund group to account for the activities of the Funds. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The following funds are used by the Town to account for its TDA funds:

Transit Fund: The Transit Fund is used to account for the payments to Placer County to provide transit services within the Town’s jurisdiction.

Transportation Fund: The Transportation Fund accounts for the expenditure of Local Transportation Funds which have been allocated for the purpose of pedestrian and bicycle facility improvements and street and road infrastructure improvements.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. A special revenue fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by special revenue funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which is generally 60 days. TDA revenues are recognized when all eligibility requirements have been met and the amounts are received within 60 days. Revenues that do not meet this availability period are recorded as deferred inflows of resources. Expenditures are recorded when the related fund liability is incurred.

When both restricted and unrestricted resources are available for use, it is the Town’s policy to use restricted resources first, then unrestricted resources as they are needed.

TOWN OF LOOMIS
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2015

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Short-term Interfund Payables: During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These payables are classified as “due to other funds” on the balance sheet. The “due to other funds” at June 30, 2015 represents a cash subsidy to the Transportation Fund from other Town funds to eliminate a prior year negative cash balance and amounts due to the General Fund by the Transit Fund.

Fund Balance: Restrictions of fund balance represent amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation. The restrictions of fund balance are according to the provisions of the Transportation Development Act and the purpose of each restriction is indicated by the account title on the face of the balance sheets.

NOTE C – CASH AND INVESTMENTS

The Funds’ cash is held in the Town of Loomis investment pool. The Town maintains an investment pool and allocates interest to the various funds based upon the average daily cash balances. Investments held in the Town’s investment pool are available on demand to the Funds and are stated at cost, which approximates fair value. The Town’s investment policy, interest rate risk and credit risk may be found in the notes to the Town’s basic financial statements.

NOTE D – FARE REVENUE RATIO

Transit operators are required to maintain a fare revenue to operating expenses ratio in order to be eligible for TDA funding. Since the Town contracts with Placer County Transit for its transit services, no fare revenues are recorded in the Town of Loomis’ Transit Fund financial statements. A fare revenue ratio is calculated for Placer County in the Placer County Transit audited financial statements.

NOTE E – TRANSFERS

The transfers in consisted of \$1,759,542 from the Town of Loomis General Fund and Gas Tax Fund. These funds are used to pay for street and road expenditures in the Transportation Fund.

NOTE F – PUBLIC TRANSPORTATION MODERNIZATION IMPROVEMENT AND SERVICE
ENHANCEMENT ACCOUNT (PTMISEA)

In November 2006, California Voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. Of the \$19,925 billion of state general obligation bonds authorized, \$4 billion was set aside by the State as instructed by statute as the PTMISEA. These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements or for rolling stock procurement, rehabilitation or replacement.

During the year ended June 30, 2015, the Town received \$56,205 from the State PTMISEA account through the Placer County Transportation Planning Agency for the Community Transit Enhancement Project. The funds received and expended were verified in the course of the audit. The funds were expended by the Town during the year ended June 30, 2015.

TOWN OF LOOMIS
TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2015

NOTE F – PUBLIC TRANSPORTATION MODERNIZATION IMPROVEMENT AND SERVICE
ENHANCEMENT ACCOUNT (PTMISEA) (Continued)

California Office of Emergency Services (CalOES): As approved by the voters in the November 2006 general elections, Proposition 1B enacts the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 to authorize \$19.925 billion to state general obligation bonds for specified purposes, including grants for transit system safety, security and disaster response projects. CalOES has been charged with administering the following Prop 1B California Transit Security Grant Program (CTSGP). Qualifying expenditures must be encumbered within three years from the date of the allocation and expended within three years from the date of the encumbrance.

During the year ended June 30, 2015, the Town received \$4,543 from the CalOES account through the Placer County Transportation Planning Agency for the Loomis Depot Park & Ride Facility Security Camera System. The funds received and expended were verified in the course of the audit. The funds were expended by the Town during the year ended June 30, 2015.



550 Howe Avenue, Suite 210
Sacramento, California 95825

Telephone: (916) 564-8727
FAX: (916) 564-8728

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
AND THE TRANSPORTATION DEVELOPMENT ACT
AND THE PUBLIC TRANSPORTATION MODERNIZATION IMPROVEMENT
AND SERVICES ENHANCEMENT ACCOUNT (PTMISEA) GUIDELINES

To the Town Council
Town of Loomis, 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 Transportation Development Act Funds allocated to the Town of Loomis (the Town), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated March 10, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 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 a material weakness. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters (including PTMISEA)

As part of obtaining reasonable assurance about whether the Town'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 determination of financial statement amounts. Our audit was further made to determine that Transportation Development Act (TDA) funds allocated and received by the Town were expended in conformance with the applicable statutes, rules and regulations of the TDA and Sections 6666 and 6667 of the California Code of Regulations. The results of performing these tasks disclosed no instances of noncompliance with the applicable statutes, rules and regulations of

To the Town Council
Town of Loomis, California

the Transportation Development Act. We also tested the receipt and appropriate expenditures of bond funds, as presented in Note F of the financial statements, in accordance with the PTMISEA statutes and guidelines. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the TDA.

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

Richardson & Company, LLP

March 10, 2016