

CITY OF ROSEVILLE
TRANSPORTATION DEVELOPMENT ACT FUNDS

Audited Financial Statements
and Compliance Report

June 30, 2021

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CITY OF ROSEVILLE
TRANSPORTATION DEVELOPMENT ACT FUNDS

Audited Financial Statements
and Compliance Report

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Audited Financial Statements

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INDEPENDENT AUDITOR'S REPORT

To the City Council
Roseville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Transportation Development Act Funds of the City of Roseville, as of and for the year ended June 30, 2021, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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 of the City of Roseville as of June 30, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the City Council
City of Roseville, California

Emphasis-of-Matter

As discussed in Note B, the financial statements present only the Transportation Development Act Funds of the City of Roseville and do not purport to, and do not, present fairly the financial position of the City of Roseville as of June 30, 2021, 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

Prior Year Comparative Information

We have previously audited the TDA Fund financial statements dated March 24, 2021. In our opinion the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Management has omitted management’s discussion and analysis 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 April 26, 2022 on our consideration of the City’s internal control over financial reporting related to the Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, including the Transportation Development Act and other state program guidelines. 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 City’s internal control over financial reporting and compliance.

Richardson & Company, LLP

April 26, 2022

CITY OF ROSEVILLE
TRANSPORTATION DEVELOPMENT ACT FUNDS
STATEMENTS OF NET POSITION

June 30, 2021
(With Comparative Totals as of June 30, 2020)

	Transit Fund	Transportation Fund
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 290,797	\$ 3,030,499
Accounts receivable	8,369	
Due from other agencies	6,170,873	1,099,108
Interest receivable	4,093	
TOTAL CURRENT ASSETS	6,474,132	4,129,607
NONCURRENT ASSETS		
Capital assets, nondepreciable	3,433,865	3,447,585
Capital assets, depreciable, net	11,461,090	18,666,925
TOTAL NONCURRENT ASSETS	14,894,955	22,114,510
TOTAL ASSETS	21,369,087	26,244,117
DEFERRED OUTFLOWS OF RESOURCES		
Pension plan	130,023	269,541
Other postemployment benefits (OPEB) plan	50,000	36,000
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 21,549,110	\$ 26,549,658
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 603,448	\$ 228,505
Accrued salaries and benefits	13,633	14,817
Due to other funds		1,130
Compensated absences	39,047	61,186
Unearned revenue	4,108,827	2,366,147
TOTAL CURRENT LIABILITIES	4,764,955	2,671,785
NONCURRENT LIABILITIES		
Compensated absences	55,771	77,363
Net pension liability	828,043	1,716,552
Net OPEB liability	442,000	317,000
NONCURRENT LIABILITIES	1,325,814	2,110,915
TOTAL LIABILITIES	6,090,769	4,782,700
DEFERRED INFLOWS OF RESOURCES		
Pension plan	4,789	9,927
OPEB plan	210,000	150,000
TOTAL DEFERRED INFLOWS OF RESOURCES	214,789	159,927
NET POSITION		
Investment in capital assets	14,894,955	22,114,510
Restricted	348,597	
Unrestricted		(507,479)
TOTAL NET POSITION	15,243,552	21,607,031
TOTAL LIABILITIES, DEFERED INFLOWS OF RESOURCES AND NET POSITION	\$ 21,549,110	\$ 26,549,658

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

CTSA Fund	Totals	
	2021	2020
\$ 296,220	\$ 3,617,516	\$ 8,369,296
	8,369	9,132
	7,269,981	2,029,246
2,754	6,847	10,632
<u>298,974</u>	<u>10,902,713</u>	<u>10,418,306</u>
	6,881,450	5,428,956
220,289	30,348,304	27,152,436
<u>220,289</u>	<u>37,229,754</u>	<u>32,581,392</u>
<u>519,263</u>	<u>48,132,467</u>	<u>42,999,698</u>
48,548	448,112	871,572
3,000	89,000	165,280
<u>\$ 570,811</u>	<u>\$ 48,669,579</u>	<u>\$ 44,036,550</u>
\$ 47,214	\$ 879,167	\$ 689,752
18,276	46,726	64,242
	1,130	
	100,233	141,288
	6,474,974	5,766,285
<u>65,490</u>	<u>7,502,230</u>	<u>6,661,567</u>
	133,134	139,254
309,177	2,853,772	3,350,773
24,000	783,000	858,999
<u>333,177</u>	<u>3,769,906</u>	<u>4,349,026</u>
<u>398,667</u>	<u>11,272,136</u>	<u>11,010,593</u>
1,788	16,504	276,823
11,000	371,000	326,279
<u>12,788</u>	<u>387,504</u>	<u>603,102</u>
220,289	37,229,754	32,581,392
	348,597	407,257
(60,933)	(568,412)	(565,794)
<u>159,356</u>	<u>37,009,939</u>	<u>32,422,855</u>
<u>\$ 570,811</u>	<u>\$ 48,669,579</u>	<u>\$ 44,036,550</u>

CITY OF ROSEVILLE

TRANSPORTATION DEVELOPMENT ACT FUNDS

STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION

For the Year Ended June 30, 2021
(With Comparative Totals as of June 30, 2020)

	Transit Fund	Transportation Fund
OPERATING REVENUES		
Passenger fares	\$ 268,331	
TOTAL OPERATING REVENUES	268,331	
OPERATING EXPENSES		
Salaries and benefits	325,383	\$ 1,136,733
Purchased transportation	3,491,937	
Maintenance, materials and supplies	1,566,671	695,464
Depreciation	1,176,187	717,981
TOTAL OPERATING EXPENSES	6,560,178	2,550,178
OPERATING LOSS	(6,291,847)	(2,550,178)
NONOPERATING REVENUES (EXPENSES)		
Local Transportation Funds - operating	1,468,866	1,782,670
State Transit Assistance funds	590,073	
State of Good Repair funds	185,429	
Federal and state grants - operating	2,697,738	2,055
Interest revenue(expense)	(36,066)	(785)
Gain (loss) on sale of capital assets	(71,265)	
Other revenues	189,424	59,422
TOTAL NONOPERATING REVENUES (EXPENSES)	5,024,199	1,843,362
NET LOSS BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(1,267,648)	(706,816)
CAPITAL CONTRIBUTIONS AND TRANSFERS		
Local Transportation Funds - capital	1,562,617	1,437,551
Federal and state grants - capital	3,588,438	45,497
Capital contributions from City governmental activities		
Transfer in from other City funds	91,422	
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	5,242,477	1,483,048
CHANGE IN NET POSITION	3,974,829	776,232
Net position, beginning of year	11,268,723	20,830,799
NET POSITION, END OF YEAR	\$ 15,243,552	\$ 21,607,031

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

CTSA Fund	Totals	
	2021	2020
	\$ 268,331	\$ 750,072
	<u>268,331</u>	<u>750,072</u>
\$ 110,832	1,572,948	2,341,885
	3,491,937	3,488,132
315,169	2,577,304	3,236,212
8,566	1,902,734	1,615,464
<u>434,567</u>	<u>9,544,923</u>	<u>10,681,693</u>
(434,567)	(9,276,592)	(9,931,621)
270,000	3,521,536	6,579,802
	590,073	1,019,785
	185,429	167,722
1,479	2,701,272	44,112
(889)	(37,740)	157,659
	(71,265)	(108,773)
	<u>248,846</u>	<u>246,351</u>
<u>270,590</u>	<u>7,138,151</u>	<u>8,106,658</u>
(163,977)	(2,138,441)	(1,824,963)
	3,000,168	2,053,030
	3,633,935	1,087,591
		19,425
	91,422	90,801
	<u>6,725,525</u>	<u>3,157,919</u>
(163,977)	4,587,084	1,332,956
<u>323,333</u>	<u>32,422,855</u>	<u>31,089,899</u>
<u>\$ 159,356</u>	<u>\$ 37,009,939</u>	<u>\$ 32,422,855</u>

CITY OF ROSEVILLE

TRANSPORTATION DEVELOPMENT ACT FUNDS

STATEMENTS OF CASH FLOWS

For the Year Ended June 30, 2021
(With Comparative Totals as of June 30, 2020)

	Transit Fund	Transportation Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 268,331	
Payments to employees and related benefits	(680,471)	\$ (898,510)
Payments to suppliers	(4,793,813)	(1,168,143)
	NET CASH USED BY OPERATING ACTIVITIES	(2,066,653)
	(5,205,953)	(2,066,653)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Operating grants and other revenues	3,812,258	2,072,878
Interfund transfers	91,422	
	NET CASH PROVIDED BY NON-CAPITAL AND RELATED FINANCING ACTIVITIES	2,074,008
	3,903,680	2,074,008
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants	1,897,879	1,269,103
Interfund transfers--capital		
Purchases of capital assets	(5,151,056)	(1,494,034)
Proceeds from sale of capital assets	22,728	
	NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(224,931)
	(3,230,449)	(224,931)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings on investments	19,795	47,110
	NET CASH PROVIDED BY INVESTING ACTIVITIES	47,110
	19,795	47,110
	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(170,466)
	(4,512,927)	(170,466)
Cash and cash equivalents, beginning of year	4,803,724	3,200,965
	CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,030,499
	\$ 290,797	\$ 3,030,499

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

CTSA Fund	Totals	
	2021	2020
	\$ 268,331	\$ 750,072
\$ (292,998)	(1,871,979)	(3,782,058)
(77,883)	(6,039,839)	(6,421,956)
(370,881)	(7,643,487)	(9,453,942)
297,859	6,182,995	12,068,665
	91,422	89,812
297,859	6,275,547	12,158,477
	3,166,982	1,302,501
	(6,645,090)	(91,939)
	22,728	(3,149,968)
-	(3,455,380)	(1,939,406)
4,635	71,540	163,477
4,635	71,540	163,477
(68,387)	(4,751,780)	928,606
364,607	8,369,296	7,440,690
<u>\$ 296,220</u>	<u>\$ 3,617,516</u>	<u>\$ 8,369,296</u>

CITY OF ROSEVILLE

TRANSPORTATION DEVELOPMENT ACT FUNDS

STATEMENTS OF CASH FLOWS (Continued)

For the Year Ended June 30, 2021
(With Comparative Totals as of June 30, 2020)

	<u>Transit Fund</u>	<u>Transportation Fund</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating loss	\$ (6,291,847)	\$ (2,550,178)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	1,176,187	717,981
Unrealized loss on investments	(54,538)	(45,723)
Change in operating assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Deferred outflows/inflows of resources--pension plan	83,334	10,348
Deferred outflows/inflows of resources--OPEB plan	111,972	52,267
Accounts payable	319,333	(157,323)
Accrued salaries	(23,471)	(8,898)
Other accrued liabilities		
Compensated absences payable	(37,145)	3,504
Net pension liability	(469,510)	(32,264)
Net OPEB liability	(20,268)	(56,367)
	<u>(20,268)</u>	<u>(56,367)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (5,205,953)</u>	<u>\$ (2,066,653)</u>
NON-CASH TRANSACTIONS		
Capital assets transferred from City governmental activities	\$ (54,538)	\$ (45,723)

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

CTSA Fund	Totals	
	2021	2020
\$ (434,567)	\$ (9,276,592)	\$ (9,931,621)
8,566	1,902,734	1,615,464
(5,234)	(105,495)	
69,459	163,141	30,228
(43,238)	121,001	147,000
27,405	189,415	(1,602,492)
14,853	(17,516)	37,302
(13,534)	(47,175)	77,000
4,773	(497,001)	322,177
636	(75,999)	(149,000)
<u>\$ (370,881)</u>	<u>\$ (7,643,487)</u>	<u>\$ (9,453,942)</u>
\$ (5,234)	\$ (105,495)	\$ 19,425

CITY OF ROSEVILLE
TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A – ORGANIZATION

The City of Roseville (the City) receives funds from the Placer County Transportation Agency under the provisions of the Transportation Development Act (TDA) from the Placer County Local Transportation Fund (LTF) under Article 4, Section 99260(a) and Article 8, 99400(a) and State Transit Assistance Fund (STAF) under Article 4, Section 6730(a). The STAF funds are to be used for public transportation purposes only. The City's Article 4 LTF funds are for the support of public transportation systems as defined in the TDA. The City also receives State of Good Repair funds under the STAF program, representing Senate Bill 1, the Road Repair and Accountability Act of 2017 funds.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity: The financial statements are intended to present the financial position, results of operations and cash flows of only transactions recorded in the Funds. The Funds are included in the financial statements of the City.

Fund Accounting: The accounts of the Funds 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 City utilizes the enterprise fund type of the proprietary fund group to account for the activities of the Funds. The following funds are used by the City to account for its TDA funds:

Transit Fund: The Transit Fund is used to account for the operation of the City's transit system. The principal operating revenues are charges to passengers for public transit services. Operating expenses include the cost of transit services, administrative expenses and depreciation on capital assets. All other revenues and expenses are reported as nonoperating.

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

CTSA Fund: The CTSA Fund accounts for Local Transportation Fund which have been allocated by the Western Placer Community Transit Service Authority to the City of Roseville for the construction and operation of the South Placer Transit Information Center including the Mobility Training Program and the operation of the Transit Ambassador Program.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for using the economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. Net position is segregated into the investment in capital assets, amounts restricted and amounts unrestricted. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. TDA and grant revenues are recorded when all eligibility requirements have been met. Revenues are deferred until the eligibility requirements are met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

CITY OF ROSEVILLE
TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Cash and Cash Equivalents: For the purposes of reporting cash flows, cash and cash equivalents are defined as those amounts included in the balance sheet caption “cash and investments” and consist of amounts held in the City’s cash and investment pool, which are available on demand.

Capital Assets: Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available provided such costs exceed the respective capitalization threshold and the expected useful life of the asset is greater than one year. Contributed capital assets are valued at their estimated acquisition value on the date of contribution. Capital assets with limited useful lives are depreciated over their estimated useful lives. Alternatively, the “modified approach” is used for certain capital assets. Depreciation is not provided under this approach, but all expenditures on these assets are expensed, unless they are additions or improvements. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of the assets and capitalization thresholds are listed below:

Description	Useful Lives in Years	Capitalization Thresholds
Buildings	40	\$ 20,000
Improvements	20-40	None
Equipment and vehicles	6-20	5,000
Landscaping	12	20,000
Bike paths	20	20,000
Bridges	90	20,000
Culverts	75	20,000
Sidewalks	20	20,000
Drain inlets	50	20,000
Storm drains	75	20,000
Traffic Signals	20	None

The Funds have acquired certain assets with funding provided by federal and state assistance from various grant programs. The Funds hold title to these assets; however, the federal government retains an interest in those assets for which it has contributed funding should the assets no longer be used for transit purposes.

Compensated Absences: Compensated absences comprise unused vacation leave, vested sick pay and certain compensated time off, which are accrued as earned. The liability for compensated absences is determined annually and is recorded in each proprietary fund.

Deferred Inflows/Outflows of Resources: In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an expense/expenditure until then. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

As of June 30, 2021, the Funds have deferred outflows and inflows of resources related to the City’s pension and OPEB plans, as described in Notes N and O.

CITY OF ROSEVILLE
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Net Position: Restrictions of net position show amounts that are legally restricted for specific uses under provisions of revenue sources.

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

NOTE C – CASH AND CASH EQUIVALENTS

Investment in the City’s Cash and Investments Pool: The Fund’s cash and investments are held in the City’s cash and investments pool. The City maintains a cash and investments pool and allocates interest to various funds based upon average cash balances. Investments held in the City’s investment pool are available on demand to the Funds and are reported at fair value. The City’s investment policy, interest rate risk and credit risk may be found in the notes to the City’s basic financial statements.

NOTE D – DUE FROM OTHER AGENCIES

The due from other agencies for all funds consisted of the following at June 30, 2021:

Federal grants	\$ 7,079,167
State of Good Repair Funds	88,651
Other	<u>102,163</u>
Total due from other governmental agencies	<u><u>\$ 7,269,981</u></u>

NOTE E – INTERFUND BALANCES AND TRANSACTIONS

Amounts reported as due to or from other TDA related funds arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2021, there were no interfund due to or due from balances.

Transfers in consisted of the following:

Receiving Transfer	Making Transfer	Purpose	
Transit Fund	General Fund	Municipal Services District #3	\$ 91,422
			<u><u>\$ 91,422</u></u>

CITY OF ROSEVILLE
TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE F – CAPITAL ASSETS

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

	Balance at June 30, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Capital assets, not being depreciated					
Land and easements	\$ 1,839,081				\$ 1,839,081
Streets (modified)	2,304,491				2,304,491
Construction in progress	1,285,384	\$ 6,645,089		\$ (5,192,595)	2,737,878
Total capital assets, not being depreciated	<u>5,428,956</u>	<u>6,645,089</u>		<u>(5,192,595)</u>	<u>6,881,450</u>
Capital assets being depreciated					
Buildings	2,168,069				2,168,069
Improvements	4,956,383				4,956,383
Equipment and vehicles	15,994,765		\$(2,611,022)	4,725,080	18,108,823
Landscaping	1,190,122				1,190,122
Bike paths	6,531,682				6,531,682
Bridges	12,018,098				12,018,098
Culverts	348,248				348,248
Sidewalks	755,592			467,515	1,223,107
Drain inlets	75,699				75,699
Storm drains	164,362				164,362
Traffic Signals	479,947				479,947
Total capital assets, being depreciated	<u>44,682,967</u>	<u>-</u>	<u>(2,611,022)</u>	<u>5,192,595</u>	<u>47,264,540</u>
Less accumulated depreciation for:					
Buildings	(478,049)	(54,201)			(532,250)
Improvements	(734,818)	(123,910)			(858,728)
Equipment and vehicles	(12,537,832)	(1,075,725)	2,517,029		(11,096,528)
Landscaping	(156,546)	(99,176)			(255,722)
Bike paths	(3,039,003)	(326,584)			(3,365,587)
Bridges	(343,276)	(133,534)			(476,810)
Culverts	(53,610)	(4,643)			(58,253)
Sidewalks	(144,450)	(57,259)			(201,709)
Drain inlets	(2,379)	(1,513)			(3,892)
Storm drains	(10,879)	(2,191)			(13,070)
Traffic Signals	(29,689)	(23,998)			(53,687)
Total accumulated depreciation	<u>(17,530,531)</u>	<u>(1,902,734)</u>	<u>2,517,029</u>		<u>(16,916,236)</u>
Net capital assets being depreciated	<u>27,152,436</u>	<u>(1,902,734)</u>	<u>(93,993)</u>	<u>5,192,595</u>	<u>30,348,304</u>
Total capital assets, net	<u>\$ 32,581,392</u>	<u>\$ 4,742,355</u>	<u>\$ (93,993)</u>	<u>\$ -</u>	<u>\$ 37,229,754</u>

CITY OF ROSEVILLE
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE G – LONG-TERM LIABILITIES

Changes in long-term liabilities consisted of the following for the year ended June 30, 2021:

	Balance June 30, 2020	Additions	Used	Balance June 30, 2021	Due Within One Year
Compensated absences	\$ 280,542	\$ 92,452	\$ (45,277)	233,367	\$ 100,233
Net pension liability	3,350,773		(497,001)	2,853,772	
Net OPEB liability	858,999		(75,999)	783,000	
	<u>\$ 4,490,314</u>	<u>\$ 92,452</u>	<u>\$ (618,277)</u>	<u>\$ 3,870,139</u>	<u>\$ 100,233</u>

NOTE H – FARE REVENUE RATIO

The City is required under the Transportation Development Act to maintain a fare revenue to operating expenses ratio of 15%. The calculation of the fare revenue ratio for the year ended June 30, 2021, is as follows:

Passenger fare revenues (excludes charter revenues)	\$ 268,331
Local funds - interest revenues	18,472
Local funds - advertising and other revenue	189,424
Local support - transfers in	91,422
	<u>\$ 567,649</u>
Operating expenses	\$ 6,560,178
Less allowable exclusions:	
Depreciation	<u>(1,176,187)</u>
	<u>\$ 5,383,991</u>
Fare revenue ratio	<u>10.54%</u>

The City was not in compliance with the 15% minimum required fare revenue ratio at June 30, 2021. However, Assembly Bill No. 90 (AB 90), signed into legislation on June 29, 2020, was enacted in response to the COVID-19 pandemic's impact on transit operators to hold them harmless for significant decreases in ridership and fare revenues. AB 90 prohibits the implementation of a penalty for failure to meet the required minimum fare revenue ratio during the years ended June 30, 2020 and 2021. No penalties will be applied to future years for the failure to meet the minimum required fare revenue ratio during these fiscal years. AB 149 was signed into legislation on July 16, 2021 that extends the waiver of penalties for failure to meet the required minimum fare revenue ratio through fiscal year 2022/23. AB 149 also revises the definition of operating costs to include in the calculation of the fare revenue ratio.

CITY OF ROSEVILLE
TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE I – UNEARNED REVENUE

The Local Transportation Fund (LTF) allocates monies to the transit system to support operations. LTF allocations are considered earned when they are properly spent for operations by the transit system. Allocations in excess of this amount are recorded as unearned revenue. The maximum eligibility for LTF allocations for the year ended June 30, 2021, was determined as follows:

	Transit Fund	Transportation Fund
Operating expenses	\$ 6,560,178	\$ 2,550,178
Adjustments:		
Depreciation	(1,176,187)	(717,981)
Fare box revenues	(268,331)	
State Transit Assistance and State of Good Repair	(776,502)	
Federal Transit Administration	(2,697,738)	(2,055)
Interest revenues	36,066	785
Other revenues	(189,463)	(48,437)
Loss on disposal of capital assets	71,265	
Net transfers - operating	(91,422)	
Maximum eligibility for operating	\$ 1,467,866	\$ 1,782,490
Capital expenditures	\$ 5,151,055	\$ 1,494,033
Adjustments:		
Federal contributions	(3,588,438)	
Other contributions		(56,482)
Maximum eligible for capital	\$ 1,562,617	\$ 1,437,551

A schedule of changes in unearned revenue for the year ended June 30, 2021, is as follows:

	Transit Fund					Total
	Local Transportation Funds	State Transit Assistance Capital	LCTOP	Excess FTA Funds from Vehicles Sold	Other	
Beginning balance, July 1, 2020	\$ 2,108,921	\$ 20,812	\$ 481,548	\$ 73,602	\$ 740,000	\$ 3,424,883
Allocations	3,647,790					3,647,790
Maximum LTF eligibility						
Operating	(1,468,866)					(1,468,866)
Capital	(1,562,617)					(1,562,617)
Unearned receipts					60,000	60,000
Interest Earned			6,623	1,014		7,637
Ending balance, June 30, 2021	\$ 2,725,228	\$ 20,812	\$ 488,171	\$ 74,616	\$ 800,000	\$ 4,108,827

CITY OF ROSEVILLE
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE I – UNEARNED REVENUE (Continued)

	Transportation Fund
	Local
	Transportation Funds
Beginning balance, July 1, 2020	\$ 2,341,402
LTF Allocations	3,244,966
Maximum LTF eligibility	
Operating	(1,782,670)
Capital	(1,437,551)
Ending balance, June 30, 2021	\$ 2,366,147

NOTE J – STATE OF GOOD REPAIR

The State of Good Repair (SGR) was established by the California Legislature in 2017 by Senate Bill 1. SGR is a program that provides public transportation agencies with a consistent and dependable revenue source to invest in the upgrade, repair and improvement of the transportation infrastructure and improve transportation services. The City received \$185,247 of SGR funds during the year ended June 30, 2021. The receivable balance at end of year is included in due from other governmental agencies in the Statements of Net Position. As of June 30, 2021, funds received and expended were as follows:

Balance receivable at beginning of year	\$ 88,469
SGR funds received	185,247
Balance receivable (unearned) at end of year	\$ (96,778)

NOTE K – RISK MANAGEMENT

The City manages risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters by participating in the public entity risk pools described below and by retaining certain risks. The City maintains insurance coverage from a commercial carrier for its long-term disability and dental benefit plan.

Public entity risk pools are formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, those entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of these risk pools are not the City’s responsibility.

CITY OF ROSEVILLE
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE K – RISK MANAGEMENT (Continued)

Risk Coverage

The City is a member of the California Joint Powers Risk Management Authority (CJPRMA) which covers general liability claims up to \$40,000,000 and property damage up to \$400,000,000. The City has a self-insured retention or deductible of \$500,000 and \$25,000, respectively, per claim.

The City is also a member of the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX), which covers workers' compensation claims up to \$5,000,000, and has excess coverage through CSAC-EIA up to the statutory limit. The City has a self-insured retention of up to \$500,000 per claim.

The contributions made to each risk pool equal the ratio of their respective payrolls to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

Financial Statements for the risk pools may be obtained from CJPRMA, 3201 Doolan Road, Suite 285, Livermore, California 94551 and LAWCX, 1750 Creekside Oaks Drive, Suite 200, Sacramento, California 95833. Information regarding the City's risk management programs is available in the City of Roseville's comprehensive annual financial report.

NOTE L – CONCENTRATIONS

The Funds receive a substantial amount of its support from a statewide retail sales tax from the Local Transportation Fund and State Transit Assistance Fund created by the TDA. A significant reduction in the level of this support, if this was to occur, may have a significant impact on the Funds' activities.

NOTE M – COMMITMENTS AND CONTINGENCIES

Contract Commitment: The City has a management, operations and call center services agreement with a transit contractor that ends September 30, 2021 with options to extend the contract through the year ended June 30, 2025. The City approve an extension on June 16, 2021 through the year ended June 30, 2023. Under the agreement, the City has agreed to pay a variable rate per vehicle revenue hour, a flat monthly fee and fees to clean bus stops and provide an electronic technician. The agreement may be terminated with 60 days advance notice. The City paid the contractor \$3,753,588 under the agreement during the year ended June 30, 2021. The maximum obligation to the City with the transit contractor is \$4,622,759 and 4,894,759 for the years ended June 30, 2022 and 2023 respectively.

Grant Contingency: The City receives funding form the Federal Transit Administration and the State of California that are subject to review and audit. Such audits could result in a request for reimbursement for expenses disallowed under the terms and conditions of the contracts. It is the opinion of management that no material liabilities will result from such potential audits.

Other Contingency: On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the City's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on employees and vendors and revenue sources, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition or results of operations is uncertain.

CITY OF ROSEVILLE
TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE N – PENSION PLAN

The City's Alternative Transportation employees are included in the City's Miscellaneous Plan, an agent multiple-employer defined benefit pension plan on a cost sharing basis, administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. The actuarial valuation for the City's Miscellaneous Plan received from CalPERS does not separately disclose information that is required to be reported under GASB 68 and 71 for the Funds; however, the City allocated the proportional share of the deferred outflows of resources, deferred inflows of resources, net pension liability, and pension expense to the Funds based on the cash basis employer contributions paid on behalf of the Funds' employees compared to all of the City's Miscellaneous Plan employees. As of and for the year ended June 30, 2021, the deferred outflows of resources, net pension liability, deferred inflows of resources and pension expense related to the Funds were \$448,112, \$2,853,772, \$16,504 and \$(333,859), respectively. Pension expense was reported as part of salaries and benefits expenses. Detailed information about the City's collective net pension liability is available in Note 11 of the City's separately issued Annual Comprehensive Financial Report (ACFR). The City's ACFR may be obtained by contacting the City's Finance Department or on the internet at www.roseville.ca.us.

NOTE O – OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

The actuarial valuation for the City's OPEB plan does not separately disclose information that is required to be reported for the Transit Fund, Transportation Fund and the CTSA Fund. This information is available in the City's Comprehensive Annual Financial Report for the City's OPEB plan as a whole. The net OPEB liability and related deferred inflows and outflows of resources reported in the Funds represent a proportional share of the OPEB liability for the City as a whole. The percentage of the City's OPEB liability that is recorded in the Funds is based on a proportion of contributions by each fund for the City as a whole. As of and for the year ended June 30, 2021, deferred outflows of resources, the net OPEB liability, deferred inflows of resources and OPEB expense were \$89,000, \$783,000, \$371,000 and \$45,000, respectively. OPEB expense was reported as part of salaries and benefits expense. Detailed information regarding the City's OPEB plan is available in the City's ACFR.

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 City Council
City of Roseville, 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 (the Funds) of the City of Roseville (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Funds' financial statements, and have issued our report thereon dated April 26, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of City'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 in this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. Our audit was further made to determine that Transportation Development Act (TDA) Funds allocated and received by the City were expended in conformance with the applicable statutes, rules and regulations of the TDA and Section 6667 of the California Code of Regulations. We also tested the receipt and appropriate expenditures of bond funds, as presented in Note J to the financial statements, in accordance with other state program guidelines. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do

To the City Council
City of Roseville, California

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 the 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

April 26, 2022