SOUTH PLACER REGIONAL TRANSPORTATION AUTHORITY

Audited Financial Statements

June 30, 2023

SOUTH PLACER REGIONAL TRANSPORTATION AUTHORITY

Audited Financial Statements

June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
South Placer Regional Transportation Authority
Auburn, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the South Placer Regional Transportation Authority (the Authority), as of and for the years ended June 30, 2023, and 2022 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2023, and 2022, and the respective changes in financial position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits 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. 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 Authority 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.

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 Authority'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 Authority'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 Authority'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 on pages 4 through 7 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.

Board of Directors
South Placer Regional Transportation Authority

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2023, on our consideration of the Authority'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 Authority'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 Authority's internal control over financial reporting and compliance.

Richardson & Company, LLP

December 21, 2023

SOUTH PLACER REGIONAL
TRANSPORTATION AUTHORITY

Management's Discussion and Analysis
June 30, 2023

This section of South Placer Regional Transportation Authority's (SPRTA) basic financial statements presents management's overview and analysis of the financial activities of SPRTA for the fiscal year ended June 30, 2023. We encourage the reader to consider the information presented here in conjunction with the financial statements as a whole.

The Placer County Transportation Planning Agency (PCTPA) adopted a Regional Transportation Funding Strategy in August 2000 which included the development of a regional transportation impact fee program. PCTPA staff worked with the jurisdictions of South Placer County, as well as the development community, environmentalists, and community groups to develop a program and mechanism to implement this impact fee.

As a result of these efforts, SPRTA was created January 23, 2002, as a Joint Powers Authority to establish a transportation planning agency to address the unique needs of the southern Placer County region. SPRTA is made up of the Cities of Rocklin, Roseville, and Lincoln, as well as Placer County. SPRTA's main purpose is the planning, design, financing, acquisition, and construction of regional transportation improvements. Under the Joint Powers Agreement that formed SPRTA, PCTPA is designated as the entity to provide administrative, accounting, and staffing support for SPRTA.

FINANCIAL HIGHLIGHTS

- Total Assets $33,731,413
- Total Liabilities $2,240,135
- Total Net Position $31,491,278
- Operating Revenues $8,510,215
- Operating Expenses $3,789,411
- Change in Net Position $5,226,776

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the SPRTA's audited financial statements, which are comprised of the basic financial statements. This annual report is prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for States and Local Governments*. The Single Governmental Program for Special Purpose Governments reporting model is used which best represents the activities of SPRTA.

The required financial statements include the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. Notes to the financial statements support these statements. All sections must be considered together to obtain a complete understanding of the financial picture of SPRTA.

Statement of Net Position

This statement includes all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting as of the statement date. The difference between the classifications is represented as "Net Position". This section of the statement identifies major categories of restrictions on these assets and reflects the overall financial position of SPRTA as a whole.

Statement of Revenues, Expenses and Changes in Net Assets

This statement presents the revenues earned and the expenses incurred during the year using the accrual basis of accounting. Under the accrual basis, all increases or decreases in net position are reported as soon as the underlying event occurs, regardless of the timing of the cash flow. Consequently, revenues and/or expenses reported during this fiscal year may result in changes to cash flows in a future period.

Statement of Cash Flows

This statement reflects inflows and outflows of cash, summarized by operating, capital, financing and investing activities. The direct method was used to prepare this information, which means that gross rather than net amounts were presented for the year's activities.

Notes to the Financial Statements

This additional information is essential to a full understanding of the data reported in the basic financial statements.

FINANCIAL ANALYSIS

Comparative Analysis of Current and Prior Year Net Position

The following table compares the Statement of Net Position at June 30, 2023, June 30, 2022 and June 30, 2021:

	2023	2022	2022 to 2023 Variance	2021	2020 to 2021 Variance
Current assets	$ 32,560,548	$ 28,998,214	$ 3,562,334	$ 21,814,805	$ 7,183,409
Restricted cash	196,486	196,558	(72)	196,526	32
Capital Assets, not depreciated	97,728	97,728	--	--	97,728
Note receivable, long-term	876,651	1,039,358	(162,707)	1,193,156	(153,798)
Total Assets	33,731,413	30,331,858	3,399,555	23,204,487	7,127,371
Current liabilities	1,363,484	3,000,839	(1,637,355)	641,830	2,359,009
Long-term liabilities	876,651	1,039,358	(162,707)	1,193,156	(153,798)
Total Liabilities	2,240,135	4,040,197	(1,800,062)	1,834,986	2,205,211
Deferred inflows of resources	--	17,159	(17,159)	58,451	(41,292)
Net Investment in capital assets	97,728	97,728	--		97,728
Net position, restricted	196,486	196,558	(72)	196,526	32
Net position, unrestricted	31,197,064	25,970,216	5,226,848	21,114,524	4,855,692
Total Net Position	$ 31,491,278	$ 26,264,502	$ 5,226,776	$ 21,311,050	$ 4,953,452

Total Assets – The total assets at June 30, 2023 increased by $3,399,555 compared to the fiscal year ending June 30, 2022. The increase in assets is the result of higher cash reserves on hand, mainly an increase of Tier I and interest receivable and a reduction in the notes receivable at June 30, 2023.

Total Liabilities – The liabilities at June 30, 2023 decreased by $1,800,062 compared to the fiscal year ending June 30, 2022. The decrease in liabilities is mainly the result of the balance of payments due to projects at fiscal year-end, and due to the payments made on the lease revenue bonds.

Net Position – Unrestricted net position, the part of equity that can be used to finance day-to-day operations without constraints, was $31,197,064 at June 30, 2023 and $25,970,216 at June 30, 2022. This is an increase of $5,226,848 over 2022. The unrestricted net position is mainly the result of increased revenues from member contributions offset by project expenditures.

Comparative Analysis of Current and Prior Year Activities and Balances
The following table summarizes the Statement of Revenues, Expenses and Changes in Net Position for the fiscal years ending June 30, 2023, June 30, 2022 and June 30, 2021:

	2023	2022	2022 to 2021 Variance	2021	2020 to 2021 Variance
Operating revenues	$ 8,511,715	$ 10,440,895	$ (1,929,180)	$ 8,781,374	$ 1,659,521
Operating expenses	3,789,411	5,561,137	(1,771,726)	2,476,832	3,084,305
Operating Income	4,722,304	4,879,758	(157,454)	6,304,542	(1,424,784)
Interest income	523,143	73,101	450,042	68,425	4,676
Interest expense	(18,671)	593	(19,264)	(4,142)	4,735
Change in Net Position	$ 5,226,776	$ 4,953,452	$ 273,324	$ 6,368,825	$ (1,415,373)

Operating Revenues – Operating revenues for the fiscal year ending June 30, 2023 decreased by $1,929,180 as result of decreased member contributions, which is attributable to a lull in development in the member agencies.

Operating Expenses – Operating expenses for the fiscal year ending June 30, 2023 decreased by $1,771,726 and is attributable to decreased project expenditures project expenditures, mainly construction expenditures of the Placer Parkway I-80 Interchange projects.

Net Position – The Change in Net Position was $5,226,776 at June 30, 2023 and $4,953,452 at June 30, 2022. The increase in 2023 is the result of a reduction in project expenditures.

CAPITAL ASSETS

SPRTA purchased the Nevada Station property in December 2003 for $2,461,914. SPRTA simultaneously sold the property to PCTPA via a capital lease for the same amount. This resulted in a note receivable from Placer County Transportation Planning Agency in the amount of $2,416,914. The balance of the note receivable is $1,143,628 at June 30, 2023. Additionally, land was acquired for the I-80 Auxiliary Lane project in the amount of $97,728. The note receivable is discussed in detail in Note D of the financial statements.

DEBT ADMINISTRATION

SPRTA issued lease revenue bonds in the amount of $2,745,000 on December 1, 2003. The proceeds were used to purchase the Nevada Station property. In July 2014, SPRTA refinanced the 2003 lease revenue bonds at lower interest rates without changing the original amortization period. SPRTA's debt and the refunding is described in further detail in Note E of the financial statements.

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

Revenues for SPRTA's program are wholly dependent on the amount of new development – residential, commercial and industrial – that occurs in the Cities of Rocklin, Roseville, and Lincoln and Placer County. The current economic situation remains positive throughout the region, resulting in an expectation that fee revenues will slowly increase in the short-term. Management and the SPRTA's Board of Directors remain conservative in their financial policies and have not budgeted for revenues that are not quantified; expenditures are managed carefully and adjustments made as conditions require. SPRTA is encouraged by development throughout its boundaries and will continue to practice sound fiscal management, financial planning, investment management, budgeting and internal financial controls.

CONTACTING SPRTA

This financial report was designed to provide a general overview of the SPRTA's finances and to demonstrate SPRTA's accountability for the funds it receives. Questions about this report should be directed to South Placer Regional Transportation Authority, 2260 Douglas Boulevard Roseville, CA 95661.

SOUTH PLACER REGIONAL TRANSPORTATION AUTHORITY

STATEMENTS OF NET POSITION

June 30, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents		
Tier I	$ 20,773,814	$ 18,031,808
Tier II	8,424,159	7,597,011
Due from other governments	3,093,186	3,187,329
Interest receivable	106,682	18,268
Current portion of notes receivable	162,707	153,798
TOTAL CURRENT ASSETS	32,560,548	28,988,214
NON-CURRENT ASSETS		
Restricted cash and cash equivalents	196,486	196,558
Notes receivable	876,651	1,039,358
Capital assets, not depreciated	97,728	97,728
TOTAL ASSETS	$ 33,731,413	$ 30,321,858
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
LIABILITIES		
CURRENT LIABILITIES		
Accrued interest payable	$ 2,815	$ 3,225
Due to other governments	1,197,962	2,843,816
Current portion of lease revenue bonds	162,707	153,798
TOTAL CURRENT LIABILITIES	1,363,484	3,000,839
LONG-TERM LIABILITIES		
Lease revenue bonds	876,651	1,039,358
TOTAL LIABILITIES	2,240,135	4,040,197
DEFERRED INFLOWS OF RESOURCES		
Deferred amount on refunding of debt, net	-	17,159
TOTAL DEFERRED INFLOWS OF RESOURCES	-	17,159
NET POSITION		
Net investment in capital assets	97,728	97,728
Restricted for debt service	196,486	196,558
Unrestricted	31,197,064	25,970,216
TOTAL NET POSITION	31,491,278	26,264,502
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 33,731,413	$ 30,321,858

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

SOUTH PLACER REGIONAL
TRANSPORTATION AUTHORITY

STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

Years Ended June 30, 2023 and 2022

	2023	2022
OPERATING REVENUES		
Development impact fees - Tier I	$ 4,965,507	$ 5,228,072
Development agreement fees - Tier II	3,544,708	5,212,323
TOTAL OPERATING REVENUES	8,510,215	10,440,395
OPERATING EXPENSES		
Administration and general	325,374	391,173
Project costs:		
Tier I		
Placer Parkway	-	3,040,260
Highway 65 Widening	91,818	9,648
Auburn Folsom Road Widening	1,000,000	1,000,000
Interstate 80/Highway 65 Interchange	63,921	7,681
I-80 Auxiliary Lanes	703,396	38,988
I-80 Rocklin Road Interchange	550,361	1,037,616
South Placer Transit Project	101,927	21,847
Tier II		
Placer Parkway	952,614	13,924
TOTAL OPERATING EXPENSES	3,789,411	5,561,137
NET INCOME FROM OPERATIONS	4,720,804	4,879,258
NON-OPERATING REVENUES (EXPENSES)		
Miscellaneous income	1,500	500
Interest income		
Tier I	418,154	72,496
Tier II	104,989	605
Interest expense	(18,671)	593
TOTAL NON-OPERATING REVENUES (EXPENSES)	504,472	73,694
CHANGE IN NET POSITION	5,226,776	4,953,452
Net position, beginning of year	26,264,502	21,311,050
NET POSITION, END OF YEAR	$ 31,491,278	$ 26,264,502

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

SOUTH PLACER REGIONAL
TRANSPORTATION AUTHORITY

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from members	$ 8,604,358	$ 10,317,785
Cash received from others	1,500	500
Cash paid to suppliers	(5,435,265)	(3,205,674)
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,170,593	7,112,611
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings received	398,489	23,900
NET CASH PROVIDED BY INVESTING ACTIVITIES	398,489	23,900
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payment for acquisition of capital assets		(97,728)
Principal payments received on notes receivable	153,798	149,852
Interest received on notes receivable	36,240	41,099
Principal repayments on lease revenue bonds	(153,798)	(149,852)
Interest payments on lease revenue bonds	(36,240)	(41,099)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	(97,728)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,569,082	7,038,783
Cash and cash equivalents, beginning of year	25,825,377	18,786,594
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 29,394,459	$ 25,825,377
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET:		
Cash and cash equivalents		
Tier I	$ 20,773,814	$ 18,031,808
Tier II	8,424,159	7,597,011
Restricted cash and cash equivalents	196,486	196,558
CASH AND CASH EQUIVALENTS	$ 29,394,459	$ 25,825,377
RECONCILIATION OF NET INCOME FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Net income from operations	$ 4,720,804	$ 4,879,258
Adjustments to reconcile net income (loss) from operations to net cash provided by operating activities:		
Cash received for non-operating revenue	1,500	500
Changes in operating assets and liabilities:		
Due from other governments	94,143	(122,610)
Accounts payable		(1,218)
Due to other governments	(1,645,854)	2,356,681
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 3,170,593	$ 7,112,611

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the South Placer Regional Transportation Authority (the Authority) 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. The more significant of the Authority's accounting principles are described below.

Description of Reporting Entity: The Authority is a joint powers authority created on January 23, 2002, to establish a transportation planning agency that would facilitate planning, design, financing, acquisition and construction of regional transportation improvements in the jurisdictions and spheres of influence of its participating members. The Authority is administered by the Placer County Transportation Planning Agency (PCTPA) and has no employees. The Authority's four-member Board of Directors includes a representative appointed by the Cities of Rocklin, Roseville and Lincoln and the County of Placer.

Basis of Presentation: The Authority's resources are allocated to and accounted for in these basic financial statements as an enterprise fund type of the proprietary fund group. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the members on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Unrestricted net position represents amounts available for future operations.

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

The Authority uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Member contributions are recognized as revenue in the period to which the underlying development fees relate.

Proprietary funds distinguish operating revenues and expenses from non-operating 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. The principal operating revenues of the Authority are member assessments representing development fees. Operating expenses include the cost of projects and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Cash and Cash Equivalents: For purposes of the Statement of Cash Flows, cash and cash equivalents are defined as demand deposit account balances and investments with maturities of three months or less.

Restricted Cash: Restricted cash represents amounts held by a fiscal agent as a debt service reserve.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables: Receivables consist mostly of amounts due from member agencies. Management believes its receivables to be fully collectible and, accordingly, no allowance for doubtful accounts is required.

Notes Receivable: Buildings and improvements financed by the Authority are leased to the PCTPA for their entire estimated useful life and will become the property of PCTPA at the conclusion of the lease. The Authority records the present value of the lease and considers the leased improvements to have been sold for this amount when leased. Lease payments are generally equal to the underlying debt payments.

Capital Assets: Capital assets are stated at historical cost. Since capital assets consist of only land, no depreciation is recorded.

Deferred Amount from Refunding Debt: The difference between the reacquisition price of refunded debt and the net carrying amount of the previously outstanding debt is deferred and reported as either a deferred outflow or deferred inflow on the balance sheet. These amounts are amortized over the shorter of the term of the old debt or the new debt.

Net Position: Net position are categorized as the investment in capital assets, restricted and unrestricted.

Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation and any related debt reduces the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The Authority's restricted net position at June 30, 2023 and 2022 represents amounts restricted by bond requirements.

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

Development Impact and Development Agreement Fees: The Authority's Board of Directors approves regional transportation and air quality development impact fees under AB 1600 (Tier I) and development agreement fees under California Government Code Section 65864 (Tier II) to fund specified regional transportation projects. The fees are determined based on land use assumptions converted into dwelling unit equivalents (DUE) under base year and future conditions. The fees charged to new development are based on remaining approved project cost estimates per DUE. The fees are collected by member agencies and are contributed to the Authority on a quarterly basis.

Tier I Fees: The Tier I fee program began in 2002 to fund approximately $124.9 million for regional transportation projects. The fees were updated several times through 2014 to include additional roadway improvement projects in an effort to fund over $191 million in transportation projects. Changes to the fee program or allocations of fees require a unanimous vote of all four members of the Authority's Board of Directors. The fee area is divided into 10 fee districts, with fees calculated on a nexus-basis via the South Placer traffic model. Fees are assessed on all development, including residential, commercial, and industrial.

Tier II Fees: On May 27, 2009, the County of Placer, City of Roseville, City of Rocklin and City of Lincoln entered into a Memorandum of Agreement ("MOA") for the establishment and collection of Tier II development agreement fees for all new development in the Tier II Development Fee Area, generally those areas outside incorporated areas, for the future funding of the regional Placer Parkway project. Member agencies agree that new development should bear a proportional share of the cost of Placer Parkway. The

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

obligation shall be imposed as a condition of obtaining the benefits of a land use entitlement in the Tier II area through the requirement of a development agreement or other means in conjunction with the approval of new development. Member agencies each agree to include a provision in development agreements for new development in specific plan areas in the Tier II area obligating payment of Tier II fees. In addition, member agencies will require dedication of land for the Placer Parkway right-of-way where the Placer Parkway is programmed within new development in the Tier II area, with no Tier II fee credit.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires 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.

Reclassifications: Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

The Authority is currently analyzing the impact of this new Statement.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at June 30:

	2023	2022
Deposits in financial institutions		
Tier I	$ 7,544,742	$ 9,998,359
Tier II	8,424,159	7,597,011
Investment in the Local Agency Investment Fund		
Tier I	13,229,072	8,033,449
Total cash and cash equivalents	$ 29,197,973	$ 25,628,819
Money market mutual fund	$ 196,486	$ 196,558
Total restricted cash and cash equivalents	$ 196,486	$ 196,558

Investment Policy: California statutes authorize districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 - Financial Affairs. The Authority does not have a formal investment policy.

The Authority's permissible investments included the following instruments:

– Securities of the U.S. Government or its agencies
– Time certificates of deposit
– Bankers' acceptances
– Commercial paper
– California Local Agency Investment Fund deposits
– Passbook savings account demand deposits
– Repurchase agreements
– Medium Term Notes, minimum Moody's rating of AA

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

Custodial credit risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2023 and 2022, the carrying amount of the Authority's deposits were $15,968,901 and $17,595,370 and the balances in financial institutions were $16,068,603 and $17,597,255, respectively. Of the balance in financial institutions, $250,000 each year was covered by federal depository insurance the remaining amounts were collateralized as required by State law (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the Authority and other governmental agencies, but not in the name of the Authority.

Fair Value Measurement: The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Authority's investment in the money market mutual fund are considered Level 2 because the value is calculated using amortized cost of the securities held in the fund, not market value.

Investment in LAIF: The Authority is a voluntary participant in the California Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. LAIF is managed by the State Treasurer. Of the amount invested in LAIF, 2.78% and 1.88% at June 30, 2023 and 2022 was invested in structured notes and asset-backed instruments. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by state statute. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority's pro-rata share of the amount provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

NOTE C – CAPITAL ASSETS

Capital assets consisted of the following at June 30:

	Balance at June 30, 2022	Additions	Retirements	Balance at June 30, 2023
Capital assets, not being depreciated				
Land	$ 97,728			$ 97,728
Total capital assets, not being depreciated	$ 97,728	$ -	$ -	$ 97,728

	Balance at June 30, 2021	Additions	Retirements	Balance at June 30, 2022
Capital assets, not being depreciated				
Land		$ 97,728		$ 97,728
Total capital assets, not being depreciated	$ -	$ 97,728	$ -	$ 97,728

NOTE D – NOTE RECEIVABLE

The Authority has entered into a non-cancelable lease agreement with PCTPA as part of its issuance of debt on PCTPA's behalf for the purchase of the Nevada Station building, ending on December 1, 2028. These agreements call for the Authority to receive lease amounts that are structured to be sufficient in timing and amount to meet the Authority's related debt service payments. Interest earned on the lease payment account and other monies held by the trustee are applied to the lease payments made by PCTPA. PCTPA has the option to purchase the leased building for $10, upon termination or expiration of the lease and after the bonds have been paid off. This lease was modified during the year ended June 30, 2015 as a result of the refunding of the underlying bonds.

Principal and interest payments to be received on the note receivable are as follows:

	Principal	Interest	Total
Year ended June 30:			
2024	$ 162,707	$ 31,135	$ 193,842
2025	163,095	25,841	188,936
2026	168,196	20,457	188,653
2027	177,862	14,834	192,696
2028	181,942	8,987	190,929
Thereafter	185,556	3,015	188,571
	$ 1,039,358	$ 104,270	$ 1,143,628

NOTE E – LONG-TERM LIABILITIES

Summary of Long-term Liabilities

In July 2014, the Authority refunded 2003 Lease Revenue Bonds with the proceeds from the issuance of $1,043,840 Lease Revenue Refunding Bonds – Tax Exempt Series 2014 A and $1,191,849 of its Lease Revenue Refunding Bonds – Taxable Series 2014 B. The bonds were issued by the California Local Government Finance Authority for the purchase of the Nevada Station property. The Finance Authority and the Authority entered into a lease wherein the Authority, in substance, acquired ownership of the facilities and is responsible for making payments in an amount sufficient to pay debt service on the revenue bonds. The Authority has subleased a portion of the property to PCTPA. The sublease payments are pledged for repayment of the bonds. The lease payments received from other tenants are pledged for repayment of the taxable bonds. The tax-exempt bonds bear interest at 3.25%, and interest is payable each June 1 and December 1, in amounts ranging from $3,015 to $16,957. Principal is due annually on December 1 through 2029, in amounts ranging from $333 to $185,556. The taxable bonds bear interest at 3.20%, and interest is payable each June 1 and December 1, ranging from $2,452 to $17,654. Principal is due annually on December 1 through 2022, in amounts ranging from $88,447 to $153,222. Should the Authority fail to make payments under the Lease Revenue Bonds, or fail to meet any of the terms, covenants or conditions contained in the lease agreement, the California Local Government Finance Authority, the bond issuer, may take possession of the building and cancel the lease agreement.

The following is a summary of long-term liability activity for the years ended June 30, 2023 and 2022:

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Amounts Due Within One Year
Lease Revenue Refunding Bonds					
Tax Exempt Series 2014-A	$ 1,039,934		$ (576)	$ 1,039,358	$ 162,707
Taxable Series 2014-B	153,222		(153,222)	-	-
	$ 1,193,156	$ -	$ (153,798)	$ 1,039,358	$ 162,707

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022	Amounts Due Within One Year
Lease Revenue Refunding Bonds					
Tax Exempt Series 2014-A	$ 1,040,495		$ (561)	$ 1,039,934	$ 576
Taxable Series 2014-B	302,513		(149,291)	153,222	153,222
	$ 1,343,008	$ -	$ (149,852)	$ 1,193,156	$ 153,798

NOTE E – LONG-TERM LIABILITIES (Continued)

Annual debt service requirements to maturity as of June 30, 2023, are as follows:

	Principal	Interest	Total
Year ended June 30:			
2024	$ 162,707	$ 31,135	$ 193,842
2025	163,095	25,841	188,936
2026	168,196	20,457	188,653
2027	177,862	14,834	192,696
2028	181,942	8,987	190,929
Thereafter	185,556	3,015	188,571
	$ 1,039,358	$ 104,270	$ 1,143,628

Refunding

In July 2014, the Authority issued the 2014 Lease Revenue Refunding Bonds Series to refund the 2003 Lease Revenue Bonds. The Authority completed the advanced refunding to reduce its total debt service payments through 2028. The advance refunding resulted in differences between the reacquisition price and the net carrying amount of the outstanding debt of $347,495, which is reported in the accompanying financial statements as a deferred inflow and is being charged to operations over 8.4 years using the straight-line method.

NOTE F – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts, theft, or damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Authority maintains commercial insurance policies through third-parties. There have been no significant reductions in insurance coverage and coverage in the prior fiscal year. Also, there have not been any settlements in excess of the insurance coverage for the past three fiscal years.

NOTE G – RELATED PARTY TRANSACTIONS

Jurisdictions represented by the Authority's board members also appoint four of the seven board members of PCTPA. PCTPA provides the Authority staff labor and related overhead. PCTPA also provides fiscal oversight of the Authority. During the fiscal years ended June 30, 2023 and 2022, PCTPA charged the Authority $1,156,499 and $545,195 for staff time and overhead, respectively.

The Authority entered into a capital lease financing transaction with PCTPA in 2003 to lease the Nevada Station building. During the years ended June 30, 2023 and 2022, the Authority received principal and interest payments from PCTPA in the amount of $190,038 and $190,951, respectively.

At June 30, 2023 and 2022, PCTPA owed $1,039,358 and $1,193,732, respectively, to the Authority for the lease on the property, and $2,815 and $3,225 respectively, for accrued interest on the lease.

All amounts recorded as due to other governments are owed to PCTPA and agencies represented by the Board.

NOTE H – CONTINGENCIES

Tier II Development Fee Deferral Program: During 2013 and 2017, amendments were made to the Tier II fee program to allow deferral of up to 50% of Tier II fees (deferred fees) for up to 30 years from the date the fees are due to stimulate the financial feasibility of development.

As of June 30, 2023, the only member participating in the fee deferral program was the City of Roseville (the City). Approximately $10.69 million of Tier II fees have been deferred through the City's Westbrook CFD1 and Sierra Vista/JMC CFD1 from July 1, 2015 to June 30, 2023. The CFDs issued 30-year bonds that may be extended for an additional 30-year period. The deferred fees will be repaid with special taxes assessed on taxable real properties within the CFDs after the CFDs pay any unpaid improvements and bond principal and interest payments. Because the special taxes must be sufficient to cover both the cost of improvements not paid with bond proceeds and bond principal and interest payments before sufficient revenues would be available from the CFD's to repay deferred fees, the Authority considers the deferred fee revenue to be contingent revenue under paragraph 112 of GASB Statement No. 62 and has not recognized the deferred fees. The Authority will recognize the deferred fee revenue when it is received, or it becomes certain the special taxes from the CFDs are sufficient to fund all required costs.

NOTE I – SUBSEQUENT EVENT

On December 5, 2023, the Authority's lease agreement with PCTPA was cancelled and the related bonds were repaid as a result of PCTPA's sale of the Nevada Station building. PCTPA exercised its right to purchase the Nevada Station building from the Authority for $10, resulting in the note receivable being relieved. The bonds will be repaid from the proceeds of the sale, which totaled $1,795,665.

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

To the Board of Directors
South Placer Regional Transportation Authority
Auburn, 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 South Placer Regional Transportation Authority (the Authority), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated December 21, 2023.

Report On Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

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

Richardson & Company, LLP

December 21, 2023