

**COUNTY OF PLACER**  
**TRANSPORTATION DEVELOPMENT ACT FUNDS**

Audited Financial Statements  
and Compliance Report

Fiscal Year Ended June 30, 2025



**COUNTY OF PLACER**  
**TRANSPORTATION DEVELOPMENT ACT FUNDS**  
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For the Fiscal Year Ended June 30, 2025

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors  
County of Placer  
Auburn, California

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

#### ***Opinions***

We have audited the accompanying financial statements of the Transportation Development Act Funds (TDA Funds) of the County of Placer (the County), as of and for year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the TDA Funds' 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 TDA Funds as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 County 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.

#### ***Emphasis-of-Matter***

As discussed in Note 1, the financial statements present only the TDA Funds of the County and do not purport to, and do not, present fairly the financial position of the County as of June 30, 2025, 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.

#### ***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.

To the Board of Supervisors  
County of Placer

***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 County'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.

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.

***Other Matters***

***Prior Year Comparative Information***

We have previously audited the 2024 TDA Funds financial statements dated November 8, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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

To the Board of Supervisors  
County of Placer

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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2025 on our consideration of the County's internal control over financial reporting related to the TDA Funds 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. 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 County'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 the County's internal control over financial reporting and compliance.

*Richardson & Company, LLP*

November 18, 2025

**COUNTY OF PLACER**  
**TRANSPORTATION DEVELOPMENT ACT FUNDS**  
Management's Discussion and Analysis (Unaudited)  
For the Fiscal Year Ended June 30, 2025

As management of the Transportation Development Act (TDA) Funds of the County of Placer, we offer readers of our financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2025.

**Financial Highlights**

- Total assets and deferred outflows of resources of the Transit Fund exceeded total liabilities and deferred inflows of resources at the close of fiscal year ended June 30, 2025, by \$5,280,766 (net position).
- The Transit Fund's total net position increased approximately \$695,709 during the fiscal year ended June 30, 2025, an increase of 15% in comparison with the prior year.
- The Transit Fund had total operating and nonoperating revenues of \$10,034,057 and total operating expenses of \$10,367,639 for the fiscal year ended June 30, 2025.
- As of June 30, 2025, the Transportation Fund reported an ending fund balance of \$0.

**Overview of the Financial Statements**

This management discussion and analysis is intended to serve as an introduction to the basic financial statements of the TDA Funds. The TDA Funds' basic financial statements are comprised of two components: (1) fund financial statements and (2) notes to the basic financial statements.

**Financial Statements.** The *financial statements* are designed to provide readers with a broad overview of the TDA Funds' finances. These statements provide long-term and short-term information about the TDA Funds' overall financial status. The TDA Funds report a governmental fund for the Transportation Fund and report an enterprise fund for the Transit Fund.

*Governmental fund* information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

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

The *statement of revenues, expenses, and changes in net position* presents information showing how the Transit Fund's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

The financial statements can be found on pages 9-13 of this report.

**Notes to the Basic Financial Statements.** The notes provide additional information that is essential for a full understanding of the data provided in the financial statements. The notes to the basic financial statements can be found on pages 14-32 of this report.

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**TDA Funds' Financial Analysis**

The Transportation Fund is a portion of the County's Road Special Revenue Fund. As noted previously, the focus of the TDA Funds' governmental fund is on near-term inflows and outflows of spendable resources, as well as spendable resources available at the end of the year. Such information is useful in assessing the Transportation Fund's near-term financing requirements. The Transportation Fund did not have any balances reported on the balance sheet as of June 30, 2025 and 2024.

The following table presents the changes in fund balance for the Transportation Fund:

Transportation Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Fiscal Years Ended June 30, 2025 and 2024

	2025	2024	Change	
			Dollar	Percent
<b>Revenues</b>				
Local Transportation Funds	\$ 1,180,329	\$ 2,100,000	\$ (919,671)	-44%
<b>Expenditures</b>				
Streets and roads	1,180,329	2,100,000	(919,671)	-44%
<b>Changes in Fund Balance</b>	-	-	-	N/A
Fund balance, beginning of the year	-	-	-	N/A
Fund balance, end of the year	\$ -	\$ -	\$ -	N/A

For the fiscal year ended June 30, 2025, the Transportation Fund reported an ending fund balance of \$0, this remained unchanged from the prior year.

The decrease in Local Transportation Fund revenue of \$919,671 and 44% is mainly due to additional funding allocated to transportation in prior year. LTF is primarily designated for transit functions and excess funds can be used for transportation. During the COVID years, transit received additional funding through grants which freed up funding for transportation.

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The following table presents the statement of net position for the Transit Fund:

Transit Fund Condensed Statement of Net Position As of June 30, 2025 and 2024				
	2025	2024	Change	
			Dollar	Percent
<b>Assets</b>				
Current and other assets	\$ 5,588,710	\$ 4,242,580	\$ 1,346,130	32%
Net OPEB asset	508,372	408,443	99,929	24%
Capital assets, net	3,659,769	4,278,578	(618,809)	-14%
Total assets	<u>9,756,851</u>	<u>8,929,601</u>	<u>827,250</u>	9%
<b>Deferred Outflows of Resources</b>				
Deferred outflows related to pensions	1,177,914	1,262,001	(84,087)	-7%
Deferred outflows related to OPEB	513,340	571,098	(57,758)	-10%
Total deferred outflows of resources	<u>1,691,254</u>	<u>1,833,099</u>	<u>(141,845)</u>	-8%
<b>Liabilities</b>				
Current and other liabilities	496,479	531,432	(34,953)	-7%
Long-term liabilities	5,241,254	5,075,923	165,331	3%
Total liabilities	<u>5,737,733</u>	<u>5,607,355</u>	<u>130,378</u>	2%
<b>Deferred Inflows of Resources</b>				
Deferred inflows related to pensions	6,443	21,686	(15,243)	-70%
Deferred inflows related to OPEB	423,163	548,602	(125,439)	-23%
Total deferred inflows of resources	<u>429,606</u>	<u>570,288</u>	<u>(140,682)</u>	-25%
<b>Net Position (Deficit)</b>				
Net investment in capital assets	3,654,769	4,247,502	(592,733)	-14%
Restricted for capital projects	1,696,485	713,332	983,153	138%
Unrestricted	(70,488)	(375,777)	(305,289)	-81%
Total net position	<u>\$ 5,280,766</u>	<u>\$ 4,585,057</u>	<u>\$ 695,709</u>	15%

As of June 30, 2025, the Transit Fund reported an ending net position of \$5,280,766 an increase of \$695,709 or 15% from the prior year. The decrease in net investment in capital assets of \$592,733 or 14% was mainly due to the recording of the current year depreciation expense of \$664,947 offset by the addition of planning and design services for fleet electrification totaling \$46,138. The increase in restricted net position for capital projects of \$983,153 or 138% was due to the continued increase of unspent capital funding received in the current year that is classified as restricted net position.

The increase in current and other assets of \$1,346,130 or 32% was mainly due to large increases in accounts receivable, due from other County funds, and due from other governments. The increase in accounts receivable and due from other governments is due mainly to increased operating costs associated with direct operations of Dial-A-Ride services which had previously been contracted with a third-party operator. The increase in due from other County funds is due mainly to Low Carbon Transit Operations Program funds that were deposited in another County fund.

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The Net OPEB asset increased by \$99,929 or 24%, deferred outflows of resources related to OPEB decreased by \$57,758 or 10%, and deferred inflows of resources related to OPEB decreased by \$125,439 or 23% compared to the prior fiscal year, which was mainly due to the difference between expected and actual plan experience and changes in the inflation actuarial assumptions.

The decrease in capital assets of \$618,809 or 14% was mainly due to current year depreciation of \$664,947 offset by the addition of \$46,138 for the planning and design for fleet electrification.

The total current and other liabilities decreased by \$34,953 or 7% mainly due to a decrease in accounts payable attributable to a reduction in contracting costs.

Long-term liabilities increased by \$165,331 or 3% primarily due to an increase in net pension liability in the current fiscal year, along with a decrease in deferred outflows relating to pension by \$84,087 or 7% and a decrease in deferred inflows relating to pension by \$15,243 or 70%, which was mainly due to differences between expected and actual plan experience and higher than expected investment earnings.

The following table presents the statement of changes in net position for the Transit Fund:

Transit Fund				
Condensed Statement of Revenues, Expenses and Changes in Net Position				
For the Fiscal Years Ended June 30, 2025 and 2024				
	2025	2024	Change	
			Dollar	Percent
<b>Revenues</b>				
Operating revenues				
Transit fares	\$ 490,696	\$ 402,940	\$ 87,756	22%
Nonoperating revenues:				
Local Transportation Fund	4,672,000	3,775,000	897,000	24%
Federal operating grants	2,639,340	2,181,982	457,358	21%
Contributions from other agencies	1,285,241	1,073,680	211,561	20%
State Transit Assistance	587,144	863,091	(275,947)	-32%
State of Good Repair	186,071	168,093	17,978	11%
Other revenues	74,959	19,387	55,572	287%
Interest and other	98,606	20,492	78,114	381%
Total nonoperating revenue	<u>9,543,361</u>	<u>8,101,725</u>	<u>1,441,636</u>	18%
Total revenues	<u>10,034,057</u>	<u>8,504,665</u>	<u>1,529,392</u>	18%
<b>Operating Expenses:</b>				
Salaries and benefits	5,081,779	3,501,765	1,580,014	45%
Depreciation	664,947	749,939	(84,992)	-11%
Other	4,620,913	4,826,621	(205,708)	-4%
Total expenses	<u>10,367,639</u>	<u>9,078,325</u>	<u>1,289,314</u>	14%
Loss before capital contributions and transfers	(333,582)	(573,660)	(240,078)	-42%
Capital contributions	1,029,291	691,093	338,198	49%
Transfers out to County funds	-	(24,128)	(24,128)	-100%
Change in net position	695,709	93,305	602,404	646%
Net position, beginning of year	4,585,057	4,491,752	93,305	2%
Net position, end of year	<u>\$ 5,280,766</u>	<u>\$ 4,585,057</u>	<u>\$ 695,709</u>	15%

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Management's Discussion and Analysis (Unaudited)  
For the Fiscal Year Ended June 30, 2025

For the fiscal year ended June 30, 2025, total operating and nonoperating revenue increased by \$1,529,392 or 18% mainly due to the increase in nonoperating revenue. The increase in nonoperating revenue was primarily due to increases in Local Transportation Fund and Federal operating grants revenue.

The increase in Local Transportation Fund revenue of \$897,000 or 24% is mainly due to an increased percentage of total LTF allocation being designated for Placer County Transit operations to support increased staffing costs associated with directly operating Dial-A-Ride service.

The increase in Federal operating grants of \$457,358 or 21% is mainly due to increased federal allocations and the use of final COVID stimulus funds.

Total operating expenses increased by \$1,289,314 or 14% from the prior fiscal year, which was mainly due to the increase in salaries and benefits of \$1,580,014 or 45% offset by the decrease in other expenses of \$205,708 or 4%. The increase in salaries and benefits was due to the Transit Fund ending the contract with MV Transportation for Dial-A-Ride service during the year and taking the operation within the department. As a result, Transit hired new drivers and dispatchers and now store and service the Dial-A-Ride buses on site causing increases in payroll, maintenance, fuel and insurance costs. These increases were partially offset by the elimination of contract service expenses previously paid to MV Transportation.

The increase in capital contributions of \$338,198 or 49% was mainly due to the increase in capital fundings received in the current year. The majority of this increase was attributable to unspent Low Carbon Transit Operations Program funds.

**Capital Assets**

The Transit Fund's net investment in capital assets as of June 30, 2025, amounted to \$3,654,769 (net of accumulated depreciation and capital asset accounts payable). This net investment in capital assets includes construction in progress (CIP), buildings and improvements, and transit vehicles and equipment. The total decrease in capital assets for the current period was \$618,809 mainly due to the current year depreciation of \$664,947 offset by CIP addition of \$46,318 for the planning and design for fleet electrification.

More information about Transit Fund's capital assets is presented in Note 3 to the financial statements.

**Requests for Information**

This financial report is designed to provide a general overview of the TDA Funds' finances for all those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Placer County Transit, 3091 County Center Drive, Suite 220, Auburn, California 95603.

## **Basic Financial Statements**

**COUNTY OF PLACER  
TRANSPORTATION DEVELOPMENT ACT FUNDS**

**Balance Sheet  
Transportation Fund  
June 30, 2025  
(With Comparative Totals as of June 30, 2024)**

	2025	2024
<b>Assets</b>		
Due from other governments	\$ -	\$ -
Total assets	\$ -	\$ -
<b>Fund Balance</b>		
Restricted	\$ -	\$ -
Total fund balance	\$ -	\$ -

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

**COUNTY OF PLACER  
TRANSPORTATION DEVELOPMENT ACT FUNDS**

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Transportation Fund  
For the Fiscal Year Ended June 30, 2025  
(With Comparative Totals for the Fiscal Year Ended June 30, 2024)**

	2025	2024
<b>Revenues</b>		
Local Transportation Funds	\$ 1,180,329	\$ 2,100,000
Total revenues	1,180,329	2,100,000
<b>Expenditures</b>		
Streets and roads	1,180,329	2,100,000
Total expenditures	1,180,329	2,100,000
<b>Changes in Fund Balance</b>	-	-
Fund balance, beginning of the year	-	-
Fund balance, end of the year	\$ -	\$ -

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

**COUNTY OF PLACER  
TRANSPORTATION DEVELOPMENT ACT FUNDS**

**Statement of Net Position  
Transit Fund  
June 30, 2025  
(With Comparative Totals as of June 30, 2024)**

	<b>2025</b>	<b>2024</b>
<b>Assets</b>		
Current assets:		
Cash and investments	\$ 2,185,852	\$ 2,207,890
Accounts receivable	207,752	122,909
Interest receivable	13,351	7,518
Due from other County funds	485,301	-
Due from other governments	2,696,454	1,904,263
Total current assets	5,588,710	4,242,580
Noncurrent assets:		
Net OPEB asset	508,372	408,443
Non-depreciable capital assets	564,444	518,306
Capital assets, net of accumulated depreciation	3,095,325	3,760,272
Total noncurrent assets	4,168,141	4,687,021
Total assets	9,756,851	8,929,601
<b>Deferred Outflows of Resources</b>		
Deferred outflows related to pensions	1,177,914	1,262,001
Deferred outflows related to OPEB	513,340	571,098
Total deferred outflows of resources	1,691,254	1,833,099
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	220,854	272,045
Accrued salaries and benefits	230,995	163,740
Due to other County funds	-	63,478
Compensated absences	44,630	32,169
Total current liabilities	496,479	531,432
Long-term liabilities:		
Compensated absences	401,670	289,522
Net pension liability	4,839,584	4,786,401
Total long-term liabilities	5,241,254	5,075,923
Total liabilities	5,737,733	5,607,355
<b>Deferred Inflows of Resources</b>		
Deferred inflows related to pensions	6,443	21,686
Deferred inflows related to OPEB	423,163	548,602
Total deferred inflows of resources	429,606	570,288
<b>Net Position (Deficit)</b>		
Net investment in capital assets	3,654,769	4,247,502
Restricted for capital projects	1,696,485	713,332
Unrestricted	(70,488)	(375,777)
Total net position	\$ 5,280,766	\$ 4,585,057

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

**COUNTY OF PLACER  
TRANSPORTATION DEVELOPMENT ACT FUNDS**

**Statement of Revenues, Expenses and Changes in Net Position  
Transit Fund  
For the Fiscal Year Ended June 30, 2025  
(With Comparative Totals for the Fiscal Year Ended June 30, 2024)**

	<u>2025</u>	<u>2024</u>
<b>Operating Revenues</b>		
Passenger fares	\$ 284,534	\$ 202,182
Van pool fares	3,850	8,440
Other special contract transit fares	202,312	192,318
Total operating revenues	<u>490,696</u>	<u>402,940</u>
<b>Operating Expenses</b>		
Salaries and benefits	5,081,779	3,501,765
Professional services	1,175,518	2,190,855
Maintenance	1,515,539	1,064,261
Fuels and lubricants	565,268	335,840
Insurance	507,374	378,283
Administration and overhead	857,214	857,382
Depreciation	664,947	749,939
Total operating expenses	<u>10,367,639</u>	<u>9,078,325</u>
<b>Operating Loss</b>	<u>(9,876,943)</u>	<u>(8,675,385)</u>
<b>Nonoperating Revenues (Expenses)</b>		
Local Transportation Fund	4,672,000	3,775,000
Federal operating grants	2,639,340	2,181,982
Contributions from other agencies	1,285,241	1,073,680
State Transit Assistance	587,144	863,091
State of Good Repair	186,071	168,093
Other revenues	74,959	19,387
Investment income (loss)	98,606	20,492
Total nonoperating revenues	<u>9,543,361</u>	<u>8,101,725</u>
Loss before contributions and transfers	(333,582)	(573,660)
Capital contributions	1,029,291	691,093
Transfer out to County funds	-	(24,128)
<b>Change in Net Position</b>	695,709	93,305
Net position, beginning of year	4,585,057	4,491,752
Net position, end of year	<u>\$ 5,280,766</u>	<u>\$ 4,585,057</u>

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

**COUNTY OF PLACER  
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**Statement of Cash Flows  
Transit Fund  
For the Fiscal Year Ended June 30, 2025  
(With Comparative Totals for the Fiscal Year Ended June 30, 2024)**

	<b>2025</b>	<b>2024</b>
<b>Cash Flows from Operating Activities</b>		
Cash receipts from customers	\$ 285,910	\$ 374,455
Cash paid to employees	(4,935,498)	(3,666,930)
Cash paid to suppliers for goods and services	(4,677,104)	(4,829,902)
Net cash used for operating activities	(9,326,692)	(8,122,377)
<b>Cash Flows from Noncapital Financing Activities</b>		
Operating grants and other revenue	8,772,507	9,556,011
Repayment of short-term borrowing	(63,478)	(93,810)
Proceed from short-term borrowing	-	63,478
Transfer out	-	(24,128)
Net cash provided by noncapital financing activities	8,709,029	9,501,551
<b>Cash Flows from Capital and Related Financing Activities</b>		
Acquisition of capital assets	(41,138)	(432,023)
Capital contributions received	543,990	691,093
Net cash provided by capital and related financing activities	502,852	259,070
<b>Cash Flows from Investing Activities</b>		
Interest received	92,773	13,879
Net cash provided by investing activities	92,773	13,879
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(22,038)	1,652,123
<b>Cash and Cash Equivalents - Beginning of Year</b>	2,207,890	555,767
<b>Cash and Cash Equivalents - End of Year</b>	\$ 2,185,852	\$ 2,207,890
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b>		
Operating (loss)	\$ (9,876,943)	\$ (8,675,385)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation expense	664,947	749,939
Changes in assets and liabilities:		
(Increase) in accounts receivable	(204,786)	(28,485)
(Increase) in net OPEB asset	(99,929)	(291,463)
Decrease in deferred outflows related to pensions and OPEB	141,845	254,326
(Decrease) in accounts payable	(56,191)	(3,281)
Increase in accrued salaries and benefits	67,255	31,901
Increase in compensated absences payable	124,609	26,687
(Decrease) in deferred inflows related to pensions and OPEB	(140,682)	(29,707)
Increase (decrease) in net pension liability	53,183	(156,909)
Net cash used for operating activities	\$ (9,326,692)	\$ (8,122,377)
<b>Noncash Investing, Capital and Financing Activities</b>		
Capital asset purchased payable	\$ 5,000	\$ 31,076

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

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**COUNTY OF PLACER**  
**TRANSPORTATION DEVELOPMENT ACT FUNDS**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025

**Note 1: Summary of Significant Accounting Policies**

The financial statements of the Transportation Development Act (TDA) Funds allocated to the County of Placer (the County) have been prepared in conformity with generally accepted accounting principles in the United States of America (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 County's accounting policies are described below.

**Description of Reporting Entity**

The County annually receives allocations from the Placer County Transportation Planning Agency (PCTPA) to operate public transit services and to fund street and road, and pedestrian and bicycle infrastructure improvements.

The financial statements present only the TDA Funds allocated to the County of Placer and do not purport to, and do not, present fairly the financial position of the County of Placer as of June 30, 2025, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Basis of Presentation/Accounting**

The County uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance or net position, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

All governmental funds are accounted for using the *current financial resources* measurement focus which means that only *current assets* and *current liabilities* are generally included on their balance sheets. Their reported fund balance is their net current assets, which is considered only to be a measure of *available spendable resources*. Governmental fund operating statements present a summary of sources and uses of available spendable resources during a period by presenting increases and decreases in net current assets.

Basis of accounting refers to *when* revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. All governmental funds are accounted for using the *modified accrual basis* of accounting. These fund revenues are recognized when they become measurable *and* available as net current assets. Measurable means the amount of the transaction can be determined and available means the amount is collectible within the current period or soon enough thereafter (generally sixty days) to be used to pay liabilities of the current period. Amounts that could not be measured or were not available were not accrued as revenue in the current fiscal year. Revenue susceptible to accrual includes sales taxes, intergovernmental grants, interest revenue, and charges for services.

The TDA Funds report a special revenue fund of the governmental fund type for the Transportation and Pedestrian/Bike funds which are part of the County's Road Special Revenue Fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the County (internal service funds).

**COUNTY OF PLACER**  
**TRANSPORTATION DEVELOPMENT ACT FUNDS**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025

**Note 1: Summary of Significant Accounting Policies (Continued)**

Proprietary funds are accounted for using the economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, all liabilities, and deferred inflows of resources associated with the operation of these funds are included on the statement of 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.

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private businesses or where the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The Transit Fund distinguishes operating from non-operating revenues and expenses. Operating revenues and expenses generally result from provided services in connection with the Transit Fund's principal ongoing operations. The principal operating revenue of the Transit Fund is passenger fares. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The TDA Funds report an enterprise fund for the Transit Fund which is part of the County's enterprise Transit fund.

**Cash and Cash Equivalents**

Cash and cash equivalents represent the TDA Funds' share in the County Treasurer's cash and investment pool.

**Capital Assets**

The TDA Funds follow the County's capitalization policy. Capital assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which ranges from ten to fifty years for buildings and improvements and two to twenty-five years for equipment. The County's capitalization policy is to capitalize asset acquisitions with an individual cost greater than \$5,000 for equipment and vehicles and \$100,000 for building and improvements and infrastructure.

**Due from Other Governments**

These amounts represent receivables from federal, state, and other local governments.

**Compensated Absences**

The County reports a liability for compensated absences attributable to services already rendered as of June 30, 2025. This liability is based on the probability that the County will eventually compensate the employees for the benefits through paid time off or some other means, such as annual leave cash-outs, payment of future health insurance premiums, or cash payments at termination or retirement. The liability is calculated based on pay rates in effect as of June 30, 2025, in addition to those salary-related payments that are directly and incrementally associated with payments made for compensated absences on termination, such as Social Security and Medicare taxes. Refer to the County's Annual Comprehensive Financial Report (ACFR) for additional details.

**COUNTY OF PLACER**  
**TRANSPORTATION DEVELOPMENT ACT FUNDS**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025

**Note 1: Summary of Significant Accounting Policies (Continued)**

All regular employees of the County earn paid vacation hours. The amount of vacation hours earned is based on the years of continuous service and the various conditions negotiated by the bargaining unit to which the employee belongs. Except for management employees, no more than 400 hours, or 520 hours after 10 continuous years of service, may be accumulated as of the last day of the first full pay period of each calendar year. Management employees can accumulate up to 520 hours. Upon termination, employees are entitled to a lump sum payment for accrued vacation and compensatory time off.

All regular employees are given credit for eight hours of sick leave during each month of employment with accumulation limits based on contract term with each bargaining unit. Unless otherwise stated below, upon termination of employment, for employees working 40 hours per week, no pay shall be given for the first 24 days of sick leave in the employee's account. The remaining sick leave shall be paid at the rate of 50% of the hourly pay rate of the employee at the time of termination. No employees shall receive more than two thousand dollars for such unused sick leave.

Each bargaining unit will be entitled to use sick leave balances upon retirement as summarized below:

- *Placer Public Employees Organization General Unit (PPEO)* – Effective June 9, 2018, employees with balances in excess of 1,000 hours will no longer accrue sick leave hours until their balance falls below 1,000 hours. Effective January 2023, all employees and current retirees shall receive reimbursement for monthly group health insurance premiums utilizing the dollar value of the employee's sick leave balance, up to 1,500 hours, at the time of retirement; any excess will be applied to CalPERS Service Credit.
- *Management and Confidential Employees* – On May 24, 2011, the Board of Supervisors approved the following change: upon retirement, Management and Confidential employees will have 100% of unused sick leave hours set aside for payment of retiree's share of health insurance premiums and expenses incurred for health care expenditures as allowable under IRC Section 213. There is no sick leave cap for this group.

**Nonoperating Revenue**

Nonoperating revenues include receipts from Local Transportation Funds (LTF), Federal operating assistance, contributions from other agencies, State Transit Assistance (STA), State of Good Repair (SGR), and Low Carbon Transit Operations Program (LCTOP). These revenues are recorded when all eligibility requirements imposed by the provider have been met. STA and LTF are received from the Transportation Development Act (TDA) of 1971. STA revenues are derived from the statewide sales tax on diesel fuel. LTF revenues are derived from a ¼ cent of the general sales tax collected statewide. SGR revenues are derived from the Road Repair and Accountability Act of 2017 from a Transportation Improvement Fee on vehicle registrations. Annual allocations of these revenues are determined and remitted to the Transit Fund by the Placer County Transportation Planning Agency. LCTOP revenues are derived from the State's Greenhouse Gas Reduction Fund to fund public transportation projects that decrease greenhouse gas emissions and expand transit services.

**COUNTY OF PLACER**  
**TRANSPORTATION DEVELOPMENT ACT FUNDS**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Deferred Outflows and Inflows 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 assets that applies to future periods and so will not be recognized as an expense/expenditure until then. The Transit Fund reports deferred outflows of resources related to the proportionate share of the County's pension and other postemployment benefits (OPEB) plans.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element is an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The Transit Fund reports deferred inflows of resources related to the proportionate share of the County's pension and OPEB plans.

**Pension Plan**

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

**Other Postemployment Benefits (OPEB)**

For purposes of measuring the Transit Fund's proportionate share of the County's net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense (credit), information about the fiduciary net position of the County's OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at amortized cost.

**Fund Balance / Net Position**

The Transit Fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

*Net investment in capital assets* – consists of all of the Transit Fund's capital assets, net of accumulated depreciation, less any debt and other capital account payables used to acquire those assets.

*Restricted* – consists of restricted assets reduced by liabilities related to those assets. This category represents external restrictions imposed by grantors, contributors, law or regulations of other governments.

*Unrestricted* – represents resources that do not meet the definition of net investment in capital assets or restricted and can be used to meet the Transit Fund's ongoing commitments and obligations.

The Transportation Fund reports fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the Transportation Fund is bound to honor constraints on how specific amounts can be spent.

**COUNTY OF PLACER**  
**TRANSPORTATION DEVELOPMENT ACT FUNDS**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Use of Estimates**

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

**Fair Value Measurement**

The TDA Funds categorize the fair value measurements of investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The TDA Funds do not have any investments that are measured using Level 3 inputs.

The TDA Funds are a participant in the Placer County Treasurer's Pool (County Pool). The County Pool is an external investment pool, is not rated and is not registered with the Securities Exchange Commission (SEC). The Placer County Treasurer's Review Panel conducts County Pool oversight. Cash on deposit in the County Pool is stated at fair value as of June 30, 2025. The County Pool values participant shares on an amortized cost basis during the year and adjusts to fair value at year-end. For further information regarding the County Pool, refer to the County's ACFR.

**Comparative Totals**

The TDA Funds' financial statements include prior year comparative information, which should be read in conjunction with the TDA Funds' financial statements for the fiscal year ended June 30, 2024, from which the information was derived.

**Current Governmental Accounting Standards Board (GASB) Pronouncements**

The TDA Funds adopted the following GASB pronouncements in the fiscal year ended June 30, 2025:

The GASB issued Statement No. 102, "*Certain Risk Disclosures*" in December 2023. This Statement will provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints that are essential to their analyses for making decisions or assessing accountability. The implementation of this Statement does not have an impact on the TDA Funds' financial statements for the fiscal year ended June 30, 2025.

**Future Governmental Accounting Standards Board (GASB) Pronouncements**

The GASB issued Statement No. 103, "*Financial Reporting Model Improvements*" in April 2024. This Statement will improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision-making and assessing a government's accountability. The requirements of this statement will impact the TDA Funds' financial statements for the fiscal year ending June 30, 2026.

**COUNTY OF PLACER**  
**TRANSPORTATION DEVELOPMENT ACT FUNDS**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025

**Note 2: Cash and Investments**

The TDA Funds maintain specific cash deposits with the County and involuntarily participate in the County's external investment pool. The County is restricted by state code in the types of investments it can purchase. Furthermore, the County Treasurer has a written investment policy, approved by the Board of Supervisors, which is more restrictive than state code as to terms of maturity, type of investment, and maximum investment in one issuer. The County has a Treasurer's Review Panel, which performs regulatory oversight for its pool pursuant to the County investment policy.

The County's investment policy authorizes the County Treasurer to invest in local agency bonds, U.S. Treasury securities, U.S. agency securities, mortgage-backed securities, collateralized obligations, asset backed securities, bankers acceptances, commercial paper, negotiable certificates of deposit, collateralized certificates of deposit, repurchase agreements, corporate notes, mutual funds, reverse repurchase agreements, the California Local Agency Investment Fund (LAIF), Certificate of Deposit Account Registry Service, supranationals – Washington dollar denominated International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC) or Inter-American Development Bank (IADB), and Local Government Investment Pools (LGIP).

As of June 30, 2025, the TDA Funds' investment in the County Treasurer's pool is stated at fair value. However, the value of the pool shares in the County's investment pool, which may be withdrawn at any time, is determined on an amortized cost basis, which is different than the fair value of the TDA Funds' position in the pool.

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The weighted average to maturity of the County's external investment pool was 659 days as of June 30, 2025.

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County's external investment pool is not rated.

**Custodial Credit Risk and Concentration of Credit Risk**

Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the TDA Funds will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Concentration of credit risk is the risk of loss attributed to the magnitude of the TDA Funds' investment in a single issuer. The TDA Funds are not exposed to custodial credit or concentration of credit risk as it participates in the County's external investment pool, and therefore, is not subject to such risks.

Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County's ACFR and may be obtained by contacting the County Auditor-Controller's Office at 2970 Richardson Drive, Auburn, California 95603 or online at [www.placer.ca.gov](http://www.placer.ca.gov).

GASB Statement No. 40, Deposit and Investment Risk Disclosure – an amendment of GASB Statement No. 3, requires additional disclosures about a government's deposit and investment risks. The TDA Funds do not have a separate investment policy, or any other policies that address these specific types of risk.

**COUNTY OF PLACER**  
**TRANSPORTATION DEVELOPMENT ACT FUNDS**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025

**Note 2: Cash and Investments (Continued)**

**Fair Value Measurement**

Deposits and withdrawals from the County Pool are made on the basis of \$1 and not fair value. Accordingly, the TDA Funds' proportionate share of investments in the County Pool as of June 30, 2025, of \$2,185,852 was an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

**Note 3: Capital Assets**

The following is a summary of changes in capital assets in the Transit Fund for the fiscal year ended June 30, 2025:

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2025</u>
<b>Capital assets, not being depreciated:</b>				
Construction in progress	\$ 518,306	\$ 46,138	\$ -	\$ 564,444
<b>Capital assets, being depreciated</b>				
Building and improvements	2,090,249	-	-	2,090,249
Transit vehicles and equipment	11,695,827	-	-	11,695,827
Total capital assets being depreciated	<u>13,786,076</u>	<u>-</u>	<u>-</u>	<u>13,786,076</u>
<b>Less accumulated depreciation for:</b>				
Building and improvements	(2,061,269)	(982)	-	(2,062,251)
Transit vehicles and equipment	(7,964,535)	(663,965)	-	(8,628,500)
Total accumulated depreciation	<u>(10,025,804)</u>	<u>(664,947)</u>	<u>-</u>	<u>(10,690,751)</u>
 Total capital assets, being depreciated, net	 <u>3,760,272</u>	 <u>(664,947)</u>	 <u>-</u>	 <u>3,095,325</u>
 <b>Total capital assets, net</b>	 <u>\$ 4,278,578</u>	 <u>\$ (618,809)</u>	 <u>\$ -</u>	 <u>\$ 3,659,769</u>

**Note 4: Compensated Absences**

The following is a summary of activity for compensated absences for the fiscal year ended June 30, 2025:

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2025</u>	<u>Amount Due Within One Year</u>
Compensated Absences	\$ 321,691	\$ 124,609 *	\$ -	\$ 446,300	\$ 44,630

(\*) The change in the compensated absences liability is presented as a net change.

**COUNTY OF PLACER**  
**TRANSPORTATION DEVELOPMENT ACT FUNDS**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025

**Note 5: Employees' Retirement Plan**

**Plan Description**

The Transit Fund contributes to the County's California Public Employees Retirement System (CalPERS) Miscellaneous Plan, an agent multiple employer defined benefit pension plan administered by CalPERS. Benefit provisions under the plan are established by state statute and county resolution. CalPERS issues a publicly available financial report that includes a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

All full and part-time permanent Transit Fund employees and certain extra help employees who have worked over 1,000 hours in a fiscal year are eligible to participate in the County's Miscellaneous Plan with CalPERS. Elected officials may also participate at their option. Per diem employees and extra help employees working less than 1,000 hours in a fiscal year are not eligible. Benefits vest after five years of service. To be eligible for retirement, an employee must be at least 50 years of age and have five years of CalPERS credited service. Effective January 1, 2013, new CalPERS members are subject to the Public Employees' Pension Reform Act (PEPRA) and to be eligible for retirement, an employee must be at least 52 years of age and have five years of CalPERS credited service.

All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The basic death benefit, the 1957 survivor benefit, or the optional settlement 2W death benefit. Cost of living adjustments for each plan are applied as specified by the California Public Employees' Retirement Law (PERL).

For financial reporting purposes, the Transit Fund reports a proportionate share of the County's collective net pension liability, pension expense, and deferred inflows and deferred outflows of resources. Accordingly, the disclosures have been reported for the Transit Fund as a cost-sharing pension plan.

**Benefits Provided**

The Plan's provisions and benefits in effect as of June 30, 2025, are summarized as follows:

	Tier 1	Tier 2	Tier 3
	Miscellaneous		
	Hired on or before March 12, 2011	Hired on or after March 13, 2011	Hired on or after January 1, 2013
Benefit formula	2.5% @ 55	2.0% @ 55	2.0% @ 62
Minimum service years to vest	5	5	5
Benefit payments	monthly for life	monthly for life	monthly for life
Earliest allowable retirement age	50	50	52
Monthly benefits, as a % of eligible compensation	2.00 % - 2.50 %	1.43 % - 2.42 %	1.00 % - 2.50 %

The Placer Public Employee Organization's represented employees, the majority of the county's workforce, pay 100% of their employee contribution ranging from 7% to 8% for Miscellaneous Plan members. For Management employees, the County pays 7% of the 8% Tier 1 employee contribution. Tier 2 and Tier 3 Management employees pay 100% of their employee contributions of 7% and 8%, respectively. For Confidential and Unclassified Nonmanagement employees, the County pays 6% of the 8% Tier 1 employee contribution. Tier 2 and Tier 3 Management and Confidential employees pay 100% of their employee contributions of 7% and 8%, respectively.

**COUNTY OF PLACER**  
**TRANSPORTATION DEVELOPMENT ACT FUNDS**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025

**Note 5: Employees' Retirement Plan (Continued)**

**Contributions**

Section 20814(c) of the PERL requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Funding contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Transit Fund is required to contribute to the difference between the actuarially determined rate and the contribution rate of employees.

For the fiscal year ended June 30, 2025, the average active employee contribution rate was 7.79% of annual pay, and the employer's contribution rate was 10.34%. Employer contribution rates may change if plan contracts are amended. The Transit Fund's contributions to the County's Miscellaneous Plan totaled \$826,090 for the fiscal year ended June 30, 2025.

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

As of June 30, 2025, the Transit Fund reported a net pension liability of \$4,839,584 for its proportionate share of the County's Miscellaneous Plan's net pension liability. The Transit Fund's net pension liability is measured as the total pension liability less the pension plan's fiduciary net position. The net pension liability of the plan is measured as of June 30, 2024, using an annual actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024. The Transit Fund's proportionate share of the County's Miscellaneous Plan's net pension liability as of June 30, 2025, was .8507%, which represented an increase of .0326% compared to the proportionate share as of June 30, 2024.

For the year ended June 30, 2025, the Transit Fund recognized a pension expense of \$954,645 as of June 30, 2025, the Transit Fund reported deferred outflows and deferred inflows of resources related to pension for the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pension contributions subsequent to measurement date	\$ 826,090	\$ -
Changes of assumptions	49,782	-
Differences between expected and actual experiences	168,289	(6,443)
Net differences between projected and actual earnings on pension plan investments	133,753	-
Total	<b>\$ 1,177,914</b>	<b>\$ (6,443)</b>

**COUNTY OF PLACER  
TRANSPORTATION DEVELOPMENT ACT FUNDS**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025

**Note 5: Employees' Retirement Plan (Continued)**

The amount of \$826,090 reported as deferred outflows of resources related to pensions, resulting from the Transit Fund's contributions to the County's Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense over five years for the net differences between projected and actual earnings on pension plan investments and over the expected average remaining service lifetime (EARSL) of employees for the remaining items as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Amount</u>
2026	\$ 117,038
2027	306,020
2028	(24,896)
2029	(52,781)
Total	<u>\$ 345,381</u>

The EARSL for the County's Miscellaneous Plan was 3.3 years for the measurement period ended June 30, 2024.

**Actuarial Assumptions**

The total pension liability was determined based on June 30, 2023, actuarial valuation using the following actuarial assumptions:

Actuarial cost method	Entry age normal cost method
Valuation date	June 30, 2023
Measurement date	June 30, 2024
Actuarial assumptions:	
Discount rate	6.90%
Inflation	2.30%
Projected salary increase	Varies by entry age and service
Mortality <sup>1</sup>	Derived using CalPERS' membership data for all funds
Post-retirement benefit increase	The lesser of contract COLA or 2.30% until purchasing power protection allowance floor, 2.30% thereafter

<sup>(1)</sup> The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study derived from data collected during fiscal years 2000 to 2019. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

**Changes of Assumptions**

There were no changes of assumptions.

**COUNTY OF PLACER**  
**TRANSPORTATION DEVELOPMENT ACT FUNDS**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025

**Note 5: Employees' Retirement Plan (Continued)**

**Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for the administrative expenses assumed of 10 Basis points. The expected real rates of return by asset class are as follows:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return <sup>(1) (2)</sup></u>
Global Equity - Cap-weighted	30%	4.54%
Global Equity - Non-cap weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yeild	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
Total	<u>100%</u>	

<sup>(1)</sup> An expected inflation of 2.30% used for this period.

<sup>(2)</sup> Figures are based on the 2021 Asset Liability Management study.

**Discount Rate**

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**COUNTY OF PLACER  
TRANSPORTATION DEVELOPMENT ACT FUNDS**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025

**Note 5: Employees' Retirement Plan (Continued)**

**Sensitivity of the Transit Fund's Proportionate Share of the County's Miscellaneous Plan Net Pension Liability to Changes in Discount Rate**

The following presents the Transit Fund's proportionate share of the County's net pension liability, calculated using the discount rate of 6.90%, as well as what the Transit Fund's proportionate share of the County's net pension liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<b>5.90%</b>	<b>6.90%</b>	<b>7.90%</b>
Net Pension Liability	\$ 6,724,457	\$ 4,839,584	\$ 3,272,768

**Pension Plan Fiduciary Net Position**

Detailed information about the County's collective net pension liability is available in the County's separately issued ACFR. The County's ACFR may be obtained by contacting the Placer County Auditor-Controller's Office at 2970 Richardson Drive, Auburn, California 95603. Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**Note 6: Other Postemployment Benefits**

**Plan Description**

The Transit Fund contributes to the postretirement healthcare benefits provided by the County to its retirees under its Retiree Healthcare Plan in accordance with various labor agreements. The County contributes to the California Employers' Retiree Benefit Trust (CERBT), an agent multiple employer plan administered by CalPERS and the Public Agency Retirement Services (PARS), a Section 115 trust of the Internal Revenue Code. CalPERS issues a publicly available ACFR that includes financial statements and required supplementary information. Copies of CalPERS' ACFR may be obtained from their Executive Office, 400 Q Street, P.O. Box 942701, Sacramento, California 94229.

For financial reporting purposes, the Transit Fund reports a proportionate share of the County's net OPEB asset, OPEB expense/credit, and deferred outflows and deferred inflows of resources. Accordingly, the disclosures have been reported for the Transit Fund as a cost-sharing OPEB plan.

**Benefits Provided**

In accordance with California Government Code, all employees electing a CalPERS retirement date within 120 days of retiring from the County are eligible to receive healthcare benefits for life. The County provides postretirement medical and dental benefits to employees who retire after the age of 50 and with five years of service and ten years of CalPERS service if hired after January 1, 2005. Eligible retirees can continue participation in the medical and dental plans, with the Transit Fund contributing up to a cap, which varies by bargaining unit.

**COUNTY OF PLACER  
TRANSPORTATION DEVELOPMENT ACT FUNDS**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025

**Note 6: Other Postemployment Benefits (Continued)**

**Contributions**

The County Board of Supervisors is granted the authority to establish and amend contribution requirements of the County, employees, and retirees. The Board establishes rates based on an actuarially determined rate based on annual actuarial valuation reports. For the fiscal year ended June 30, 2025, the annual required contribution rate was \$4,113 per employee (excluding extra help) and to prefund as determined annually through the County budget process. The Transit Fund's contribution to the Plan for fiscal year ended June 30, 2025, was \$159,846.

**OPEB Liability, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

As of June 30, 2025, the Transit Fund reported a net OPEB asset of \$508,372 for its proportionate share of the County's net OPEB asset. The net OPEB asset was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The Transit Fund's proportion of the net OPEB asset was based on the number of full-time equivalents of eligible employees employed by the Transit Fund in relation to the total number of eligible employees as of the measurement date. The Transit Fund's proportionate share of the County's net OPEB asset was 1.0095% as of June 30, 2025, which represented an increase of .0714% compared to the June 30, 2024, proportionate share.

For the fiscal year ended June 30, 2025, the Transit Fund recognized an OPEB credit of \$7,764. As of June 30, 2025, the Transit Fund reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
OPEB contributions subsequent to measurement date	\$ 159,846	\$ -
Changes of assumptions	67,425	(112,689)
Differences between expected and actual experiences	275,082	(310,474)
Net differences between projected and actual earnings on OPEB plan investments	10,987	-
<b>Total</b>	<b>\$ 513,340</b>	<b>\$ (423,163)</b>

**COUNTY OF PLACER  
TRANSPORTATION DEVELOPMENT ACT FUNDS**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025

**Note 6: Other Postemployment Benefits (Continued)**

The amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/(asset) in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in future OPEB expense over five years for the net differences between projected and actual earnings on OPEB plan investments and over the expected average remaining service lifetime of employees of 6.5 years for the remaining items as of June 30, 2025, as follows:

<u>Fiscal Year Ending</u> <u>June 30</u>	<u>Amount</u>
2026	\$ (124,633)
2027	105,960
2028	(63,112)
2029	(56,944)
2030	46,040
Thereafter	23,020
Total	<u>\$ (69,669)</u>

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions:

Valuation date (census)	June 30, 2024
Measurement date (assets and liabilities)	June 30, 2024
Actuarial assumptions:	
Discount rate	7.25%
Inflation	2.30%
Mortality	Based on assumptions for Public Miscellaneous and Police members published in the 2021 CalPERS Experience Study. These tables include generational mortality improvement using 80% of scale MP-2020
Healthcare cost trend rate	6.80% (pre-Medicare) and 4.90% (Medicare) for fiscal year 2025, gradually decreasing over several decades to an ultimate rate of 4.04% over 51 years. Applies to calendar years.

**Changes of Assumptions**

The inflation actuarial assumption decreased from 2.50% from fiscal year ended 2024 to 2.30% in fiscal year ended 2025.

**COUNTY OF PLACER**  
**TRANSPORTATION DEVELOPMENT ACT FUNDS**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025

**Note 6: Other Postemployment Benefits (Continued)**

The following table summarizes the assumed asset allocation of the County's OPEB plan in PARS:

<b>Asset Class</b>	<b>Target Allocation</b>
Domestic Equity	57.4%
International Developed Equity	10.3%
Emerging Markets Equity	5.3%
Real Estate Investment Trusts	2.0%
Short-Term Bonds	3.0%
Core Fixed Income	16.0%
High Yield	1.0%
Cash	5.0%
Total	100.0%

**Discount Rate Development**

The discount rate used to measure the total OPEB liability was 7.25%. GASB 75 requires that the liability discount rate be the single rate that reflects the following:

- a. The long-term expected rate of return on OPEB plan investments used to finance the payment of benefits, to the extent that (1) the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and (2) OPEB plan assets are expected to be invested using a strategy to achieve that return; and
- b. A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale), to the extent that the conditions in item a are not met.

GASB 75 has very specific rules regarding the projection of benefit payments, contributions, and Fiduciary Net Position used to determine the discount rate. Regardless of an employer's actual funding policy, the valuation assumes that (1) benefits are paid out of the OPEB trust until assets are depleted, and (2) projected employer contributions are first applied to employee service costs in each period (including future employees) before paying for current accrued benefit costs.

The liability discount rate was developed using the alternative method described in paragraph 39 of GASB 75, which states that "if the evaluations required by paragraph 37 can be made with sufficient reliability without a separate projection of cash flows into and out of the OPEB plan, alternative methods may be applied in making the evaluations."

Based on these parameters and GASB 75 guidelines, the Plan assets are projected to be sufficient to pay all future benefits. Therefore, the discount rate is equal to the long-term expected investment return assumption.

**COUNTY OF PLACER  
TRANSPORTATION DEVELOPMENT ACT FUNDS**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025

**Note 6: Other Postemployment Benefits (Continued)**

**Sensitivity of the Net OPEB Asset to Changes in the Discount Rate and Healthcare Cost Trend Rates**

The following table presents the Transit Fund's proportionate share of the County's net OPEB asset, as well as what the Transit Fund's proportionate share of the County's net OPEB asset would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 6.25%	Discount Rate 7.25%	1% Increase 8.25%
Net OPEB Liability (Asset)	\$ 34,108	\$ (508,372)	\$ (963,319)

The following table presents the Transit Fund's proportionate share of the County's net OPEB asset as well as what the Transit Fund's proportionate share of the County's net OPEB asset would be if it was calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 5.80%	Current Trend Rate 6.80%	1% Increase 7.80%
Net OPEB Liability (Asset)	\$ (1,013,132)	\$ (508,372)	\$ 104,117

**OPEB Plan Fiduciary Net Position**

Detailed information about the County's collective net OPEB asset is available in the County's separately issued ACFR. The County's ACFR may be obtained by contacting the Placer County Auditor-Controller's Office at 2970 Richardson Drive, Auburn, California 95603.

**Note 7: Risk Management**

The Transit Fund is self-insured for public liability and property damage up to \$250 thousand per occurrence. Claims in excess of \$250 thousand are covered through the California Transit Systems Joint Powers Authority (dba California Transit Indemnity Pool (CalTIP)), a joint powers agency risk sharing pool, established in 1987 to provide an independently managed self-insurance program for member transit operators. The purpose of CalTIP is to spread the adverse effect of losses among the member agencies and to purchase excess insurance as a group, thereby reducing its expense. Claims in excess of the pool limit are covered by excess reinsurance/insurance purchased by CalTIP up to \$10 million per occurrence for general liability as of June 30, 2025, and replacement cost per occurrence for vehicle physical damage as of June 30, 2025. The Transit Fund has not settled any County claims exceeding the risk-pool limit of \$10 million per occurrence for any of the past five fiscal years. The Transit Fund has the following forms of coverage through CalTIP: bodily injury liability, property damage liability; personal injury liability; and public officials' error and omissions liability. The County has collision and comprehensive coverage for its transit vehicles up to replacement cost per occurrence after a \$5 thousand deductible. Liability coverage, up to \$10 million per occurrence, is available after a self-insured retention (SIR) of \$250 thousand.

**COUNTY OF PLACER  
TRANSPORTATION DEVELOPMENT ACT FUNDS**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025

**Note 8: Fare Revenue Ratio**

The TDA Funds are required under the Transportation Development Act to maintain a fare revenue to operating expenses ratio of at least 12.94%. The calculation of the fare revenue ratio for the fiscal year ended June 30, 2025, is as follows:

Fare revenues	\$ 490,696
Federal operating grants	2,639,340
Local funds	<u>1,458,806</u>
Total fares	<u>\$ 4,588,842</u>
Operating expenses	\$ 10,367,639
Less: Depreciation	(664,947)
Other exclusions	<u>(90,503)</u>
Total	<u>\$ 9,612,189</u>
Fare revenue ratio	47.74%

The TDA Funds met the minimum required fare revenue ratio during the fiscal year ended June 30, 2025. AB 149, signed into legislation on July 16, 2021, permits the inclusion of federal operating grant funds as local support in determining the fare revenue ratio.

**Note 9: Local Transportation Fund Eligibility**

The Local Transportation Fund (LTF) allocates monies to the transit system to support operations. The TDA Funds are only eligible to receive allocations sufficient to cover operating expenses, less certain adjustments as described below. Allocations in excess of this amount are recorded as restricted net position.

**COUNTY OF PLACER  
TRANSPORTATION DEVELOPMENT ACT FUNDS**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025

**Note 9: Local Transportation Fund Eligibility (Continued)**

As of June 30, 2025, eligibility in the TDA Funds were determined as follows:

	<b>Operating</b>
LTF Allocations:	\$ 4,672,000
Less amount applied to capital expenditures	-
LTF Allocation available for expenditures	4,672,000
 Maximum Eligibility:	
Operating expenses	10,367,639
 Adjustments:	
Depreciation	(664,947)
Fare revenues	(490,696)
Federal operating grants	(2,639,340)
Contributions from other agencies	(1,285,241)
State Transit Assistance	(587,144)
State of Good Repair	(186,071)
Investment income (loss)	(98,606)
Other revenues	(74,959)
Maximum Eligibility	4,340,635
 Current year LTF allocation in excess of eligibility	331,365
Beginning balance, July 1, 2024	(433,611)
 Net expense under maximum eligibility	\$ (102,246)

**Note 10: Contingencies**

**Grant Contingencies**

The Transit Fund has received Federal and State grant funding for specific purposes that are subject to review and audit by the grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenses disallowed under the terms of the grant. The County believes such expense disallowance, if any, would be immaterial.

**Innovative Clean Transit Regulation**

The State of California Air Resources Board (the Board) adopted an Innovative Clean Transit Regulation (Regulation) in December of 2018, which requires all California public transit agencies to transition to zero emission buses (ZEB) for all covered buses with a gross vehicle weight rating greater than 14,000 lbs. with a goal of 100% ZEB fleet by 2040. Beginning in 2026 small transit agencies with fewer than 100 buses must start making 25% of covered bus purchases ZEB and 100% by 2029 under the Regulation. All transit agencies must submit a ZEB Rollout Plan to the Board by July 1, 2023, indicating how it will transition to the new Regulation by 2040. The County approved a contract with a consultant to conduct a Zero Emissions Bus Feasibility Study and Transition Plan for the Transit Fund to address this requirement. The transition plan was completed and submitted to the Board in May 2023. The County approved a contract with a consultant to complete the Battery Electric Bus Facility Design and Specifications Plan, which resulted in an updated to the Feasibility Study and Transition Plan in June 2024. The Battery Electric Bus Facility Design and Specifications Plan continues to move forward.

**COUNTY OF PLACER**  
**TRANSPORTATION DEVELOPMENT ACT FUNDS**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025

**Note 10: Contingencies (Continued)**

**COVID-19**

The COVID-19 pandemic State of Emergency ended during fiscal year 2022-2023, but public transit ridership continues to rebound, impacting fare revenue collections. During fiscal year 2024-25 Placer County Transit's overall fixed route ridership was down 26.5%, Dial-A-Ride service increased 9%, and commuter service continues to be down 75% when compared to fiscal year 2018-2019 – the last full fiscal year before the COVID-19 pandemic. At this point, the full extent to which COVID-19 may impact transit travel demand is unknown.

## **Other 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 *GOVERNMENT AUDITING STANDARDS*, THE TRANSPORTATION DEVELOPMENT ACT AND OTHER STATE PROGRAM GUIDELINES

To the Board of Supervisors  
County of Placer  
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 Transportation Development Act Funds (TDA Funds) of the County of Placer (the County), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the TDA Funds' basic financial statements and have issued our report thereon dated November 18, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations,

To the Board of Supervisors  
County of Placer

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 County were expended in conformance with the applicable statutes, rules and regulations of the TDA and Section 6666 and 6667 of the California Code of Regulations. 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 performing our tests disclosed no instances of noncompliance that are required to be reported under *Governmental 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 County'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*

November 18, 2025