

CITY OF LINCOLN
TRANSPORTATION DEVELOPMENT ACT FUNDS

Audited Financial Statements
and Compliance Report

June 30, 2025

CITY OF LINCOLN

TRANSPORTATION DEVELOPMENT ACT FUNDS

Audited Financial Statements
and Compliance Report

June 30, 2025 and 2024

Audited Financial Statements

Independent Auditor’s Report	1
Balance Sheets – Street Fund	3
Statements of Revenues, Expenditures and Changes in Fund Balance – Street Fund	4
Statements of Net Position – Transit Fund	5
Statements of Revenues, Expenses and Changes in Fund Net Position – Transit Fund	6
Statements of Cash Flows – Transit Fund	7
Notes to Financial Statements	8

Compliance Report

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> , the Transportation Development Act and Other State Program Guidelines	13
--	----



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

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Lincoln, California

Opinions

We have audited the accompanying financial statements of the Transportation Development Act Funds (TDA Funds) allocated to the City of Lincoln (the City), as of and for the years ended June 30, 2025 and 2024, and the related notes to the 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 financial position of the TDA Funds allocated to the City as of June 30, 2025 and 2024, and the changes in financial position and cash flows thereof 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 TDA Funds allocated to the City and to meet our 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 B, the financial statements present only the TDA Funds of the City and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2025 and 2024, the changes in financial position, or where applicable, its cash flows for the years 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.

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.

To the City Council
City of Lincoln, California

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 misstatements, 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 City'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.

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2026, on our consideration of the City'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 and other state program guidelines. 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 City'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 City's internal control over financial reporting and compliance.

Richardson & Company, LLP

March 30, 2026

CITY OF LINCOLN
TRANSPORTATION DEVELOPMENT ACT FUNDS

BALANCE SHEETS
STREET FUND

June 30, 2025 and 2024

	2025	2024
ASSETS		
Cash and investments	\$ 6,633,935	\$ 5,852,037
Interest receivable	6,749	6,986
Due from other governments	161,911	85,283
Prepaid expenses	19,081	
TOTAL ASSETS	\$ 6,821,676	\$ 5,944,306
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
LIABILITIES		
Accounts and retentions payable	\$ 198,153	\$ 158,743
Accrued salaries and benefits	25,310	24,441
TOTAL LIABILITIES	223,463	183,184
 DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	160,579	55,649
 FUND BALANCE		
Nonspendable	19,081	
Restricted for streets and roads projects	6,418,553	5,705,473
TOTAL FUND BALANCE	6,437,634	5,705,473
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	 \$ 6,821,676	 \$ 5,944,306

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

CITY OF LINCOLN
TRANSPORTATION DEVELOPMENT ACT FUNDS

STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
STREET FUND

June 30, 2025 and 2024

	2025	2024
REVENUES		
Local Transportation Funds:		
Streets and roads	\$ 3,727,156	\$ 3,632,640
Pedestrian and bicycle	55,649	57,674
Investment income	226,445	195,179
Other revenue	24,277	37,350
TOTAL REVENUES	4,033,527	3,922,843
EXPENDITURES		
Streets and roads	2,989,108	3,362,206
Administration	210,888	166,224
TOTAL EXPENDITURES	3,199,996	3,528,430
OTHER FINANCING USES		
Transfers out	(101,370)	(30,733)
TOTAL OTHER FINANCING USES	(101,370)	(30,733)
NET CHANGE IN FUND BALANCE	732,161	363,680
Fund balance at beginning of year	5,705,473	5,341,793
FUND BALANCE AT END OF YEAR	\$ 6,437,634	\$ 5,705,473

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

CITY OF LINCOLN
TRANSPORTATION DEVELOPMENT ACT FUNDS

STATEMENTS OF NET POSITION
TRANSIT FUND

June 30, 2025 and 2024

	2025	2024
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and investments	\$ 1,059,192	\$ 746,173
Interest receivable	788	901
Due from other governments	196,882	318,014
TOTAL CURRENT ASSETS	1,256,862	1,065,088
NONCURRENT ASSETS		
Capital assets being depreciated, net	423,049	466,339
TOTAL NONCURRENT ASSETS	423,049	466,339
TOTAL ASSETS	1,679,911	1,531,427
DEFERRED OUTFLOWS OF RESOURCES		
Pension plan	106,995	109,934
OPEB plan	47,059	51,095
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,833,965	\$ 1,692,456
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Accrued salaries and benefits	\$ 877	\$ 1,386
Due to other agencies	509,654	229,793
Compensated absences	1,206	669
TOTAL CURRENT LIABILITIES	511,737	231,848
LONG-TERM LIABILITIES		
Compensated absences	302	167
Net pension liability	357,482	358,300
Net other postemployment benefits (OPEB) liability	185,824	186,910
TOTAL LONG-TERM LIABILITIES	543,608	545,377
TOTAL LIABILITIES	1,055,345	777,225
DEFERRED INFLOWS OF RESOURCES		
Pension plan	14,291	15,186
OPEB plan	4,390	5,711
TOTAL DEFERRED INFLOWS OF RESOURCES	18,681	20,897
NET POSITION		
Investment in capital assets	423,049	466,339
Restricted for transit operations	336,890	427,995
TOTAL NET POSITION	759,939	894,334
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 1,833,965	\$ 1,692,456

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

CITY OF LINCOLN
TRANSPORTATION DEVELOPMENT ACT FUNDS

STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
TRANSIT FUND

June 30, 2025 and 2024

	2025	2024
OPERATING EXPENSES		
Salaries and benefits	\$ 66,825	\$ 62,641
Professional services	533,683	451,252
Maintenance and equipment	121	471
Insurance		3,554
Depreciation	43,290	44,782
TOTAL OPERATING EXPENSES	643,919	562,700
OPERATING LOSS	(643,919)	(562,700)
NONOPERATING REVENUES		
State Transit Assistance	473,856	490,325
Interest	35,766	22,649
TOTAL NONOPERATING REVENUES	509,622	512,974
NET LOSS INCOME BEFORE TRANSFERS	(134,297)	(49,726)
OTHER FINANCING USES		
Transfers out	(98)	
CHANGE IN NET POSITION	(134,395)	(49,726)
Net position at beginning of year	894,334	944,060
NET POSITION AT END OF YEAR	\$ 759,939	\$ 894,334

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

CITY OF LINCOLN
TRANSPORTATION DEVELOPMENT ACT FUNDS

STATEMENTS OF CASH FLOWS
TRANSIT FUND

June 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to employees	\$ (63,807)	\$ (58,460)
Payments to suppliers	(253,943)	(336,950)
NET CASH USED FOR OPERATING ACTIVITIES	(317,750)	(395,410)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings on investments	35,879	22,351
NET CASH PROVIDED BY INVESTING ACTIVITIES	35,879	22,351
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Operating grants and other revenues	594,988	518,554
Interfund borrowing (repayments) and transfers	(98)	
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	594,890	518,554
NET INCREASE IN CASH AND CASH EQUIVALENTS	313,019	145,495
Cash and cash equivalents at beginning of year	746,173	600,678
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,059,192	\$ 746,173
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating loss	\$ (643,919)	\$ (562,700)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Depreciation	43,290	44,782
Change in operating assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Due to other governments	279,861	118,327
Deferred outflows/inflows	4,759	(802)
Accrued salaries and benefits	(509)	298
Compensated absences payable	672	516
Net OPEB liability	(1,086)	1,977
Net pension liability	(818)	2,192
NET CASH USED FOR OPERATING ACTIVITIES	\$ (317,750)	\$ (395,410)

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

CITY OF LINCOLN
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE A – ORGANIZATION

The City of Lincoln (the City) receives funds from the Placer County Transportation Planning Agency under the provisions of the Transportation Development Act (TDA) from the Placer County Local Transportation Fund (LTF) under Article 4, Section 99260(a) and 99402 and Article 8, 99400(a) and State Transit Assistance Fund (STAF) under Article 4, Section 6731(b). The STAF funds are to be used for public transportation purposes only. The City's Article 4 LTF funds are for the support of public transportation systems as defined in the TDA.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Fund Accounting: The accounts of the Funds are organized on the basis of funds. A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The City utilizes the special revenue fund type of the governmental fund group to account for the activities of the Street Fund. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The City utilizes the enterprise fund type of the proprietary fund group to account for the Transit Fund. The following funds are used by the City to account for its TDA funds:

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

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

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

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

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

June 30, 2025 and 2024

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

When both restricted and unrestricted net positions are available, unrestricted resources are used only after restricted resources are depleted.

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

Capital Assets: Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available provided such costs exceed \$50,000 and the expected useful life of the asset is greater than one year. Contributed capital assets are recorded at the acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of the assets are as follows:

Buildings and Improvements	15 – 20 years
----------------------------	---------------

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

Compensated Absences: It is the City's policy to permit employees to accumulate earned but unused vacation, compensatory time off and sick leave. Unused vacation and compensatory time off benefits are paid to employees upon termination. For employees with over five years continuous employment, unused sick leave benefits are paid ratably in accordance with the length of service upon termination. The City also accrues a liability for estimated sick leave to be used as time-off. In the proprietary funds the accrued compensated absences is recorded as an expense and related liability in the year earned. The City includes its share of social security and Medicare taxes payable on behalf of the employees in the accrual for compensated absences.

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

Pension Plan: For purposes of measuring the net pension liability and deferred inflows/outflows of resources related to the pension plan, and pension expense, information about the fiduciary net position of the City's 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 net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the 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 benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

June 30, 2025 and 2024

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Fund Balance/Net Position: Restrictions of fund balance/net position show amounts that are legally restricted for specific uses in accordance with TDA requirements.

Interfund Transactions: Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them. Transfers out in the Street Fund during the years ended June 30, 2025 and 2024 consisted of \$101,370 and \$30,733, respectively, to cover the Fund’s share of the debt service payments on certain City facilities and of the contributions to the City’s Pension Section 115 Trust Fund. Transfers out in the Transit Fund during the year ended June 30, 2025 consisted of \$98 to cover the Fund’s share of the contributions to the City’s Pension Section 115 Trust Fund. There were no transfers out in the Transit Fund during the year ended June 30, 2024.

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

New Pronouncements: In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or paid in cash or settled through noncash means and leave that has been used but not paid in cash or settled through noncash means. The City implemented this Statement during the year ended June 30, 2025. The effect of this change was immaterial and net position has not been restated as a result.

NOTE C – CASH AND INVESTMENTS

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

NOTE D – CAPITAL ASSETS

Changes in capital assets consisted of the following during the years ended June 30:

	Balance June 30, 2024	Additions	Retirements	Balance June 30, 2025
Capital assets being depreciated:				
Buildings and improvements	\$ 746,103			\$ 746,103
Infrastructure	294,058			294,058
Total capital assets being depreciated	1,040,161			1,040,161
Less accumulated depreciation for:				
Buildings and improvements	(526,883)	\$ (31,483)		(558,366)
Infrastructure	(46,939)	(11,807)		(58,746)
Total accumulated depreciation	(573,822)	(43,290)		(617,112)
Total capital assets being depreciated, net	466,339	(43,290)		423,049
Capital assets, net	\$ 466,339	\$ (43,290)	\$ -	\$ 423,049

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

June 30, 2025 and 2024

NOTE D – CAPITAL ASSETS (Continued)

	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024
Capital assets being depreciated:				
Buildings and improvements	\$ 746,103			\$ 746,103
Infrastructure	294,058			294,058
Total capital assets being depreciated	<u>1,040,161</u>			<u>1,040,161</u>
Less accumulated depreciation for:				
Buildings and improvements	(493,908)	\$ (32,975)		(526,883)
Infrastructure	(35,132)	(11,807)		(46,939)
Total accumulated depreciation	<u>(529,040)</u>	<u>(44,782)</u>		<u>(573,822)</u>
Total capital assets being depreciated, net	<u>511,121</u>	<u>(44,782)</u>		<u>466,339</u>
Capital assets, net	<u>\$ 511,121</u>	<u>\$ (44,782)</u>	<u>\$ -</u>	<u>\$ 466,339</u>

NOTE E – LONG-TERM LIABILITIES

Changes in long-term liabilities consisted of the following during the years ended June 30:

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025	Due Within One Year
Compensated absences	\$ 836	\$ 672		\$ 1,508	\$ 1,206
Net pension liability	358,300		\$ (818)	357,482	
Net OPEB Liability	<u>186,910</u>		<u>(1,086)</u>	<u>185,824</u>	
	<u>\$ 546,046</u>	<u>\$ 672</u>	<u>\$ (1,904)</u>	<u>\$ 544,814</u>	<u>\$ 1,206</u>
	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year
Compensated absences	\$ 320	\$ 516		\$ 836	\$ 669
Net pension liability	356,108	2,192		358,300	
Net OPEB Liability	<u>184,933</u>	<u>1,977</u>		<u>186,910</u>	
	<u>\$ 541,361</u>	<u>\$ 4,685</u>	<u>\$ -</u>	<u>\$ 546,046</u>	<u>\$ 669</u>

NOTE F – FARE REVENUE RATIO

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

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

June 30, 2025 and 2024

NOTE G – PENSION PLAN

The City participates in a cost-sharing defined benefit pension plan administered by CalPERS that consists of the following risk pools and a number of rate plans: a Safety Risk Pool (Police and Fire) and a Miscellaneous Risk Pool for all other City employees. Information is available about the City's pension plan in the City's Comprehensive Annual Financial Report. The Transit Fund employees are included in the Miscellaneous Risk Pool. However, the actuarial valuation for the City's participation in the Miscellaneous Risk Pool received from CalPERS does not separately disclose information that is required to be reported under GASB 68 and 71 for the Transit Fund. The pension liability reported in the Transit Fund represents a proportional share of the pension liability of the City's participation in the Miscellaneous Risk Pool as a whole based on a proportional share of cash basis employer contributions paid on behalf of the Transit Fund employees compared to all non-Safety City employees. The deferred outflows of resources, net pension liability, deferred inflows of resources and pension expense related to the Transit Fund were \$106,995, \$357,482, \$14,291 and \$2,917, respectively, as of and for the year ended June 30, 2025 and were \$109,934, \$358,300, \$15,186 and \$2,340, respectively, as of and for the year ended June 30, 2024. Pension expense was reported as part of salaries and benefits expense.

NOTE H – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The City has an OPEB plan covering all City employees. The actuarial valuation for the City's OPEB plan does not separately disclose information that is required to be reported for the Transit Fund. This information is available in the City's Comprehensive Annual Financial Report for the City's OPEB plan as a whole. The net OPEB liability and related deferred inflows and outflows of resources reported in the Funds represent a proportional share of the OPEB liability for the City as a whole. The percentage of the City's OPEB liability that is recorded in the Fund is based on a proportion of employee salaries and medical expense of the Fund compared to the salaries and medical expense of the City as a whole. The deferred outflows of resources, net OPEB liability, deferred inflows of resources and OPEB expense were \$47,059, \$185,824, \$4,390 and \$34,373, respectively, as of and for the year ended June 30, 2025 and were \$51,095, \$186,910, \$5,711 and \$33,320, respectively, as of and for the year ended June 30, 2024. OPEB expense was reported as part of salaries and benefits expense.

NOTE I – RISK MANAGEMENT

The City 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 City participates in a joint powers agency which provides a shared risk layer of coverage above the self-insured retention amount for liability and workers' compensation. Information regarding the City's risk management programs is available in the City of Lincoln's financial statements.

NOTE J – CONCENTRATIONS

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

NOTE K – CONTINGENCIES

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*, THE TRANSPORTATION
DEVELOPMENT ACT AND OTHER STATE PROGRAM GUIDELINES

To the City Council
City of Lincoln, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Transportation Development Act Funds (the Funds) of the City of Lincoln (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Funds' financial statements, and have issued our report thereon dated March 30, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund'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 Funds' internal control. Accordingly, we do not express an opinion on the effectiveness of the Funds' 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 (including Other State Programs)

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. Our audit was further made to determine that Transportation Development Act (TDA) funds allocated and received by the City were expended in conformance with the applicable statutes, rules and regulations of the TDA and Sections 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 tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the TDA.

To the City Council
City of Lincoln, California

Purpose of This Report

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

Richardson & Company, LLP

March 30, 2026