

CITY OF ROCKLIN
TRANSPORTATION DEVELOPMENT ACT FUNDS

Audited Financial Statements
and Compliance Report

June 30, 2025

CITY OF ROCKLIN

TRANSPORTATION DEVELOPMENT ACT FUNDS

Audited Financial Statements
and Compliance Report

June 30, 2025

Audited Financial Statements

Independent Auditor’s Report	1
Management’s Discussion and Analysis	3
Balance Sheets	4
Statements of Revenues, Expenditures and Changes in Fund Balances	5
Notes to Financial Statements	6

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	8
--	---



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 Rocklin, California

Opinions

We have audited the accompanying financial statements of the Transportation Development Act Funds of the City of Rocklin (the Funds), as of and for the year ended June 30, 2025, 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 respective financial position of the Transportation Development Act Funds of the City of Rocklin, as of June 30, 2025, and the respective changes in financial position 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 Transportation Development Act Funds of the City of Rocklin 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 opinion.

Emphasis-of-Matter

As discussed in Note B, the financial statements present only the Transportation Development Act Fund of the City of Rocklin and do not purport to and do not, present fairly the financial position of the City 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.

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 opinion. 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

To the City Council
City of Rocklin, California

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 Transportation Development Act Funds of the City of Rocklin'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

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 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 March 27, 2026 on our consideration of the City's internal control over financial reporting related to the Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, and 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 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 27, 2026

INTRODUCTION

The Management's Discussion and Analysis (MD&A) is a required component of the City's Transportation Development Act (TDA) Funds Annual Financial Report. The purpose of the MD&A is to present a discussion and analysis of the Funds' financial performance during the fiscal year that ended on June 30, 2025. This information, presented in conjunction with the Funds' Financial Statements is intended to provide a comprehensive understanding of the Funds' operations and financial standing.

FISCAL YEAR 2024-25 FINANCIAL ANALYSIS

- Total Fund Assets were \$7,137,825, consisting of Cash and Due from other agencies, consisting of funding not yet distributed to the City.
- Total Fund Liabilities and Deferred Inflows of Resources were \$1,952,131. Liabilities are made up of Accounts payable, Retention payable, Accrued salaries and benefits, Due to other funds, and Unearned revenue.
- Total Fund Balance is \$5,185,694, which is restricted for streets, roads, and transit. Total Fund Revenues were \$5,912,537, while Total Fund Expenditures were \$5,352,429 and Other Uses were \$798,438, resulting in a net decrease in Total Funds' Balance of \$238,330. See analysis below.
- The Transit Fund recorded revenues of \$677,595 and expenditures of \$662,945 for bus transit operations. Transit revenues primarily consist of State Transit Assistance funds. Revenues increased by 101% compared to the prior year, largely due to the 2024 drawdown of previously accumulated higher fund balances
- The Transportation Fund revenues of \$5,234,942 primarily consists of Local Transportation Funds. Transportation Fund Expenditures were \$4,313,236 for streets maintenance, construction and administration. Other Financing Uses were \$798,438 from a grant fund reimbursement, allocated indirect costs, facilities maintenance and engineering services.
- Bicycle and Pedestrian Facilities Fund expended \$376,248 to construct a pedestrian crossing.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's TDA Funds' Financial Statements are comprised of Fund Financial Statements and Notes to the Financial Statements.

Fund Financial Statements

Fund Financial Statements report the Funds' operations with the focus primarily on the short-term activities of the City's Transportation Development Act funds. The Funds' Financial Statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt, and other long-term amounts.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

NOTES TO THE FINANCIAL STATEMENTS

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Funds' Financial Statements. The notes can be found immediately following the Funds' Financial Statements.

REQUEST FOR FINANCIAL INFORMATION

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the City Clerk, 3970 Rocklin Road, Rocklin, California, 95677.

CITY OF ROCKLIN
TRANSPORTATION DEVELOPMENT ACT FUNDS

BALANCE SHEETS

June 30, 2025

	Transit Fund	Transportation Fund	Bicycle and Pedestrian Facilities Fund	Total
ASSETS				
Cash and investments	\$ 104,496	\$ 5,979,971		\$ 6,084,467
Due from other agencies	677,110		\$ 376,248	1,053,358
TOTAL ASSETS	\$ 781,606	\$ 5,979,971	\$ 376,248	\$ 7,137,825
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 331,473	\$ 269,883		\$ 601,356
Retention payable		55,683		55,683
Accrued salaries and benefits		28,930		28,930
Due to other funds			\$ 376,248	376,248
Unearned revenue		175,111		175,111
TOTAL LIABILITIES	331,473	529,607	376,248	1,237,328
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	338,555		376,248	714,803
FUND BALANCES				
Restricted for streets and roads projects		5,450,364		5,450,364
Restricted for transit services	111,578			111,578
Unassigned (deficit)			(376,248)	(376,248)
TOTAL FUND BALANCES	111,578	5,450,364	(376,248)	5,185,694
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 781,606	\$ 5,979,971	\$ 376,248	\$ 7,137,825

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

CITY OF ROCKLIN
TRANSPORTATION DEVELOPMENT ACT FUNDS

STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2025

	Transit Fund	Transportation Fund	Bicycle and Pedestrian Facilities Fund	Total
REVENUES				
Local Transportation Funds:				
Transit	\$ 33,637			\$ 33,637
Streets and roads		\$ 5,007,950		5,007,950
State Transit Assistance	637,455			637,455
Interest revenues	6,503	163,742		170,245
Miscellaneous revenue		63,250		63,250
TOTAL REVENUES	677,595	5,234,942		5,912,537
EXPENDITURES				
Purchased transit	662,945			662,945
Streets and roads:				
Administration and engineering		1,006,191		1,006,191
Maintenance		1,093,404		1,093,404
Construction		2,213,641		2,213,641
Pedestrian and bicycle:				
Construction			\$ 376,248	376,248
TOTAL EXPENDITURES	662,945	4,313,236	376,248	5,352,429
OTHER FINANCING SOURCES (USES)				
Transfer in		87,177		87,177
Transfers out		(885,615)		(885,615)
TOTAL OTHER FINANCING USES		(798,438)		(798,438)
NET CHANGE IN FUND BALANCES	14,650	123,268	(376,248)	(238,330)
Fund balances, beginning of the year	96,928	5,327,096		5,424,024
FUND BALANCES, END OF THE YEAR	\$ 111,578	\$ 5,450,364	\$ (376,248)	\$ 5,185,694

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

CITY OF ROCKLIN
TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE A – ORGANIZATION

The City of Rocklin (the City) receives funds from the Placer County Transportation Planning Agency (PCTPA) under the provisions of the Transportation Development Act (TDA) from the Placer County Local Transportation Fund (LTF) under Article 8, Section 99400(a), 99400(c) and 99402 and Article 3, Section 99234, and the State Transit Assistance Fund under Article 4, Section 6731(b). The funds represent amounts needed to meet the transportation needs of the City not otherwise met. The STAF Funds are to be used for public transit purposes only. Transit services in the City are provided by Placer County.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Fund Accounting: The accounts of the City 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 Funds. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The following funds are used by the City to account for its TDA and other State program funds:

SB 325 Sales Tax Funds:

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

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

Bike and Pedestrian Facilities Fund: The Bike and Pedestrian Fund accounts for the expenditure of Local Transportation Funds that have been allocated for the purpose of bike and pedestrian improvements.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. A special revenue fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets, 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.

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 generally 60 days for the Transit and Transportation Funds. TDA Funds are recognized when all eligibility requirements have been met and the amounts are received within 60 days. Revenues that do not meet this availability period are recorded as deferred inflows of resources. Expenditures are recorded when the related fund liability is incurred.

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

CITY OF ROCKLIN
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Short-term Interfund Payables: During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These payables are classified as “due to other funds” on the balance sheet. The “due to other funds” in the Bicycle and Pedestrian Facilities Fund at June 30, 2025 consisted of a cash subsidy by other City funds to eliminate the cash deficit of \$376,248 to cover expenditures in the Fund for which revenues have not yet been received.

Deferred Inflows of Resources: Deferred inflows of resources in governmental funds arise when a potential revenue source does not meet both the “measurable” and “available” criteria for recognition in the current period.

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

NOTE C – CASH AND INVESTMENTS

The Funds’ cash is held in the City of Rocklin’s investment pool. 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 Funds 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 – DUE FROM OTHER AGENCIES

Due from other agencies consisted of the following at June 30, 2025:

	Transit Fund	Bicycle and Pedestrian Fund
Transportation Development Act - LTF	\$ 677,110	\$ 376,248
Total due from other agencies	\$ 677,110	\$ 376,248

NOTE E – 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 fare revenues are recorded in the City of Rocklin’s Transit Fund financial statements. A fare revenue ratio is calculated for Placer County in the Placer County Transit audited financial statements.

NOTE F – TRANSFERS

During the year ended June 30, 2025, the City transferred \$885,615 from the Transportation Fund to the City’s General Fund for indirect costs, facility maintenance and engineering services, and prior year street and road projects costs that had a change in funding source. There was also a transfer in of \$87,177 to reimburse the Transportation Fund for its allocation of prior year project expenses that became eligible for more grant reimbursement in the current year.

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 Rocklin, 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 Rocklin (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' basic financial statements, and have issued our report thereon dated March 27, 2026.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or 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 (including Other State Program Guidelines)

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. Our audit was further made to determine that Transportation Development Act (TDA) funds allocated and received by the City were expended in conformance with the applicable statutes, rules and regulations of the TDA and Sections 6666 and 6667 of the California Code of Regulations. We also tested the receipt and appropriate expenditures of bond funds in accordance with other state program guidelines. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, the TDA or other state program guidelines.

To the City Council
City of Rocklin, 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richardson & Company, LLP

March 27, 2026