

**SACRAMENTO-PLACERVILLE TRANSPORTATION CORRIDOR  
JOINT POWERS AUTHORITY**

**AGENDA**

**REGULAR BOARD MEETING**

**9:30 A.M., MONDAY, FEBRUARY 5, 2018**

**FOLSOM CITY HALL, COUNCIL CHAMBERS**

**50 NATOMA STREET, FOLSOM, CALIFORNIA**

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**1. CALL TO ORDER**

- 2. ROLL CALL** Chair Kerri Howell, Directors Don Nottoli (Alternate: Sue Frost), Linda Budge (Alternate: Don Nottoli), Shiva Frentzen (Alternate: John Hidahl), and David Sander (Alternate: Linda Budge)

**3. PLEDGE OF ALLEGIANCE**

**4. APPROVAL OF MINUTES**

- a. Motion: Approve Minutes for Regular Meeting of November 6, 2017

**5. CONSENT**

- a. Information: Quarterly Budget Update for the Second Quarter of Fiscal Year 2017/18  
b. Motion: Approve Independent Audit Report for Fiscal Year 2016/17

**6. UNFINISHED BUSINESS**

- a. Information: Update on Natural Trail Project  
b. Information: Update on License Agreement with Placerville & Sacramento Valley Railroad (P&SVRR) for Excursion Rail Services  
c. Resolution: Approve a 3-month Extension of Current License Agreement with Placerville & Sacramento Valley Railroad

## **7. NEW BUSINESS**

- a. Information: CEO/Member Agency Staff Reports
  - i. CEO
  - ii. City of Folsom
  - iii. El Dorado County
  - iv. Sacramento County
  - v. Sacramento Regional Transit

## **8. BUSINESS FROM THE FLOOR/GOOD OF THE ORDER\***

## **9. NEXT MEETING: May 7, 2018**

## **10. ADJOURNMENT**

### **\*NOTE TO CITIZEN PARTICIPANTS**

It is the policy of the Board of Directors of the Sacramento-Placerville Transportation Corridor Joint Powers Authority to encourage citizen participation in the meetings of the Board of Directors. At each open meeting members of the public shall be provided with an opportunity to directly address the Board on items of interest to the public that are within the subject matter jurisdiction of the Board of Directors. However, in order that the business scheduled for consideration at such meetings may be disposed of in an orderly manner, citizens wishing to address the Board on matters not on the agenda, whose presentations may be lengthy or in the nature of request for action of some kind on the part of the Board, are requested to first discuss matters with the Chair or his/her designee. If after such consultation an appearance before the Board is desired, the subject matter may be calendared as an agenda item for a date and time convenient to the parties concerned.

The meeting is accessible to the disabled. In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact the SPT-JPA's CEO, Mark Rackovan, by telephone at (916)351-3370 or email at [mrackovan@folsom.ca.us](mailto:mrackovan@folsom.ca.us). Requests must be made as early as possible and at least two full business days before the start of the meeting.

## STAFF REPORT

Board Meeting Date: February 5, 2018

Page 1 of 1

**MOTION: Approve Minutes for Regular Meeting of November 6, 2017**

**AGENDA ITEM  
NO. 4a**

**BOARD ACTION:**

MOTION: Approve the attached Minutes for the Regular Meeting of the JPA Board of Directors, dated November 6, 2017.

# **SACRAMENTO-PLACERVILLE TRANSPORTATION CORRIDOR JOINT POWERS AUTHORITY**

Minutes of the Regular Meeting of the Board of Directors on  
November 6, 2017

**Call to Order:** Chair Kerri Howell called the meeting called to order at 9:35 a.m. Board Secretary Kimberlee Marlan recorded the roll.

**Roll Call:** The following were determined to be present:  
Chair Kerri Howell, Directors Don Nottoli, Linda Budge and Shiva Frentzen  
Director David Sander was absent.

## **Public Comments on Non-Agenda Items**

There were no public comments on the non-agenda items. However, CEO Rackovan commented on the formatting of the board agenda and its location in the board binders.

## **Approval of Minutes**

Upon motion by Director Nottoli and seconded by Director Budge, the Board voted unanimously to approve the Amended Minutes for Regular Meeting of August 7, 2017.

## **Consent Agenda**

Upon motion by Director Frentzen and seconded by Director Budge, the Board voted unanimously to approve the Quarterly Budget Update for the First Quarter of Fiscal Year 2017/18.

CEO Rackovan noted an error in the title of Quarterly Budget Update which was revised.

## **Unfinished Business**

**Item 6a:** Update on the Natural Trail Project. CEO Rackovan informed the board that Staff is still trying to get necessary environmental permits to enable volunteer crews to begin working on the trail. Staff is awaiting review from the state Department of Fish and Wildlife and the Army Corp of Engineers (Corp). The draft streambed alteration agreement is pending signature.

Staff received a copy of the letter the Corp sent to the State Historic Preservation office. It shows the Corps reviewed various conditions along the trail corridor.

Director Budge commented that the City of Rancho Cordova engaged the tribal council on a matter but no tribal council members responded. Director Howell requested Director Budge provide a list of the tribal councils that have responded.

CEO Rackovan agreed to follow up with Director Budge as well.

# **SACRAMENTO-PLACERVILLE TRANSPORTATION CORRIDOR JOINT POWERS AUTHORITY**

Minutes of the Regular Meeting of the Board of Directors on  
November 6, 2017

**Item 6b:** Approve License Agreement with Placerville & Sacramento Valley Railroad (P&SVRR) for Excursion Rail Services.

CEO Rackovan discussed the proposed 5-year license agreement terms and key elements of the P&SVRR proposed operating plan.

There was discussion regarding ongoing infrastructure and construction in some areas and that the excursion rail would resume once the tracks have been replaced. CEO Rackovan confirmed that there were areas with temporary rails necessary for completing utility projects and that the responsible party would need to return the rails to its original condition once the utility work has been completed.

He also highlighted that the JPA is proposing to issue a Request for Proposals (RFP) for a third-party track inspection for the entire operating section in order to verify the corridor is up to standards. A corrective action plan would be created for implementation by P&SVRR if any deficiencies are discovered.

CEO Rackovan will look into the cost for the inspection; and obtain information about the previous inspection report completed approximately 20 years ago.

CEO Rackovan explained that even if the JPA board approves the license agreement with P&SVRR that each member agency must still review and revise and/or approve.

Director Frentzen thanked staff for adding the inspection requirement to the licensing agreement but noted that the license differs from what El Dorado County (EDC) has in place. She stated that the below items should be removed and offered as an alternative rather than placed into the license agreement.

Capital Improvements:

P&SVRR intends to complete the following capital improvement projects as a part of their 5-year Operating Plan:

- Upgrade track and bridges to Class 1 standard between County Line and Latrobe
- Repair Shingle Lime Mine Gap
- Construct Latrobe Station to El Dorado County standards

Director Frentzen inquired with EDC staff on additional P&SVRR's provisions in conflict with items approved by EDC Board of Supervisors.

# **SACRAMENTO-PLACERVILLE TRANSPORTATION CORRIDOR JOINT POWERS AUTHORITY**

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Ms. Vickie Sanders, speaking on behalf of EDC explained that the provisions conflict with what is currently approved in EDC and further added that the following items were not allowed under the current license agreement.

Operating Segments:

Segment No.	From Milepost	To Milepost	Approved Operations
5	119.4 (CL)	126.4 (LW)	Revenue operations (all equipment allowed)
6	126.4 (LW)	127.2 (SS)	Revenue operations (no heavy equipment allowed)

JPA Attorney Sabrina Thomas advised that the alternatives could be placed at the end of the agreement so that should EDC agree with the alternatives, they would already be included in the agreement. However, if EDC disagrees, then the agreement would come back to the JPA board to put the approvals on the record.

Director Frentzen asked if the agreement could be flexible enough to include items not currently provided for in the agreement. She would like to take out sections that contradict what is currently approved by EDC and have the JPA board take action then bring to each jurisdiction boards to review and modify or approve.

Director Nottoli mentioned that the below two items would be removed from the agreement:

Operating Segments:

Segment No.	From Milepost	To Milepost	Approved Operations
6	126.4 (LW)	127.2 (SS)	Revenue operations (no heavy equipment allowed)

Capital Improvements:

P&SVRR intends to complete the following capital improvement projects as a part of their 5-year Operating Plan:

- Upgrade track and bridges to Class 1 standard between County Line and Latrobe
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- Construct Latrobe Station to El Dorado County standards

Director Nottoli indicated he is comfortable having the items as alternatives at the end of the agreement but that EDC would still need to consent and agree to the alternative items.

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Ms. Mary Cory, Director of EDC Historical Museum, added that the El Dorado Western Railroad should remain responsible for the maintenance of licensed property.

CEO Rackovan indicated that the board would be requesting the license agreement maintain the status quo and recommended that the board limit the license agreement to the county line. This limits activities to the existing corridor, would not require additional maintenance, and allows special permits for pancake breakfasts to Latrobe.

The board inquired about any maintenance in the area. Ms. McCoy said that El Dorado Western had only performed weed abatement in the area.

Upon request from the board, Jim Harville, President of P&SVRR spoke about the licensing agreement and stated that his organization had been working on the process for about a year. Based on his conversations with CEO Rackovan, County Supervisors, and City Council members, he believed now was their opportunity to expand the current license agreement. Mr. Harville indicated that P&SVRR expended a great deal of effort to propose what they envisioned based on discussions with various stakeholders. Mr. Harville mentioned had he known he needed to obtain approval with EDC prior to coming to the JPA board, he would have done so ahead of this meeting.

Director Howell informed Mr. Harville that he needed to start with the JPA because the JPA is the landowner. She advised him to separately identify those items that P&SVRR envisions as future goals. She also mentioned that performing improvements on this side of the county line may go a long way in changing some opinions in EDC.

Mr. Harville mentioned that P&SVRR is not looking to take anything away from El Dorado Western but that P&SVRR would like to perform maintenance that they are currently unable to do. Ultimately, P&SVRR is looking to continue expansion of the program in support of the railroad.

The board reiterated that the JPA still owns the property.

Mr. Harville said it was why we brought the license forward in its current form and that he is happy to stay connected with Director Frentzen on the matter.

## **Public Comment was received from the following people:**

Mr. Eric Olds, Chief of Operations with P&SVRR said that when they went through the proposal process, their understanding was that they were being asked to identify what they wanted to see next in the development of the rails. In August, their desire was not to exclude anyone. He mentioned that their proposal to the board is based on what they want to see in

# **SACRAMENTO-PLACERVILLE TRANSPORTATION CORRIDOR JOINT POWERS AUTHORITY**

Minutes of the Regular Meeting of the Board of Directors on  
November 6, 2017

the next five years but also recognize that each member agency must approve the licensing agreement. Mr. Olds stated that as long as the alternative options are left in the agreement, they see it as something they can grow towards because their intention is to grow the program.

Mr. Mike Roque, Road Foreman of Engines with P&SVRR, mentioned that the Placerville branch is a regional treasure and they are pleased with the opportunity to continue providing tourism and revenue, increase accessibility, and grow their program. In order to meet these goals, it is critical to increase the length of their train ride and the passenger capacity by expanding the diesel train into EDC. If P&SVRR had a larger train and longer service they would be able to go after additional fundraising.

Director Howell asked what the increased revenue would mean being that the P&SVRR is not for profit.

Mr. Roque mentioned that as a non-profit, all of the revenue they raise is directly invested back into the corridor particularly in growing the program itself, for example in making and improving the track and facilities.

Director Howell asked if the non-profit had available funds, if they could spend money on the trail side as opposed to the rail side.

Mr. Roque explained that their vision includes rails and trails but he could not say their program would specifically support trails, however, the more they can do to make the corridor more accessible would be beneficial for all.

Mr. Bill Mueller, the CEO for Valley Vision spoke and stated that this particular corridor is of profound interest to these jurisdictions but also to others because it is regionally significant. This corridor is a treasure that should be used to its greatest potential. Valley Vision believes the corridor can have an excursion train experience as well as an upgraded multi-use trail which would benefit tourism and help health and economic development. He believes that having the underlying trail unlocked would have regionally, state-wide and potentially global significance. Mr. Mueller also mentioned that their organization was asked to suggest some alternatives for how the trail could be used so they are currently gathering means in order to provide additional data and evidence. Mr. Mueller hopes to work with staff to answer questions about alternatives, cost, environmental consequences, and more about what he envisions for the rails.

Director Frentzen asked what the difference is between the data Valley Vision proposes and what has already been presented to the board?

Mr. Mueller explained that Valley Vision has reviewed the study and spoken with the authors, and found the study to be illuminating in areas, but that it did not go the extra step to perform



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cost estimates and delve deeper into some of the environmental tradeoffs. He believes his study can provide additional data needed for making decisions on the rails and trails. A highly qualified nationally recognized engineering firm can take an independent look on behalf of local government and local business communities.

Director Howell supports Valley Vision's involvement and asked when Mr. Meuller would present the data to the board.

Mr. Meuller responded that their goal is Q1 or Q2 of 2018.

Director Frentzen mentioned that they are doing a broadband feasibility for EDC and that the SPTC corridor is on the radar for laying fiber. She requested that Valley Vision's study consider the possibility of laying fiber in EDC.

Mr. Steve Anderson spoke and supports having paved trails in the corridor. This issue with the corridor is that it is rails only and placing a paved bike trail in the corridor, to accommodate the rail being next to it, triples the cost to pave the trail.

Director Howell commented that most locations in Folsom demonstrate how easy it is to get a paved trail next to the rail.

Director Budge excused herself during item 6b, but prior to her departure she said she is comfortable with approving the license agreement as amended or carrying the item over to the next board meeting.

Director Frentzen mentioned that the board needs to consider everyone's well-being and that is why this board wants to see rails and trails in the area.

CEO Rackovan pointed out that this matter has already been decided. The tracks cannot be removed. The only issue now is whether the tracks can be used and maintained.

Mr. Harville spoke and claimed that in May 10, 2016, the EDC Board of Supervisors reversed their previous position of wanting tracks removed and stated that they wanted to see rails preserved and wanted joint use in the corridor. The study EDC did was not an all or nothing approach, the options discussed there was a small differential in cost and would have been offset by a single year of joint revenue.

Ms. Mary Cory mentioned that everyone is committed to preserving this historic corridor and El Dorado Western is committed to working with Mr. Harville to preserve the corridor.

CEO Rackovan informed the board that the license expires in February 2018.

# **SACRAMENTO-PLACERVILLE TRANSPORTATION CORRIDOR JOINT POWERS AUTHORITY**

Minutes of the Regular Meeting of the Board of Directors on  
November 6, 2017

Upon motion by Director Frentzen and seconded by Director Nottoli, the Board voted unanimously that:

The P&SVRR license agreement is approved as amended with the changes as noted above by Director Nottoli and with the direction that staff will work closely with El Dorado County Board of Supervisors.

CEO Rackovan reiterated that each agency will need to ratify the agreement as to the terms of their own section of the agreement. The agreement is currently scheduled for discussion at the City of Folsom December meeting.

Director Frentzen stated that each member jurisdiction will review the agreement.

Some of the speakers mentioned they were surprised at what the board was proposing in the license agreement. Director Frentzen also noted that she was surprised by what was presented to the board in August.

## **CEO/Member Agency Staff Reports**

Item 7a. Information: CEO/Member Agency Staff Reports

CEO comments: CEO Rackovan stated that they are trying to wrap up the annual JPA audit which is scheduled for December 14, 2017. CEO Rackovan submitted an official comment letter on behalf of the JPA supporting the section of the EDC trail that they are clearing environmentally.

El Dorado County comments: Ms. Sanders stated that they have heard from FEMA regarding the washout which will cost approximately \$77,000 to repair and \$40,000 in mitigation funds. The high dollar amount requires a formal bid. There is discussion between the FEMA and EDC engineers as to the location of the culverts and FEMA is funding the repairs. Ms. Sanders will update the board once she has a better assessment of what needs to be done.

Sacramento County had nothing to report at this time.

Sacramento RT comments: Mr. Darragh stated that Sacramento RT had conducted an emergency terrorist related drill based on a derailment and it went very well.

City of Folsom comments: Mr. Konopka mentioned that there is a preliminary engineering study for another section of the trail parallel to East Bidwell Street in front of Folsom Lake College. He will keep the board updated on the progress.

**SACRAMENTO-PLACERVILLE TRANSPORTATION CORRIDOR  
JOINT POWERS AUTHORITY**

Minutes of the Regular Meeting of the Board of Directors on  
November 6, 2017

**Business from the floor/good of the order**

Item 8: Business from the floor/good of the order. There was nothing additional to report.

The next meeting will be the Regular Board Meeting of February 5, 2017.

The meeting adjourned at 11:05 a.m.

I hereby certify that the Board of Directors approved the foregoing minutes at its Regular Board Meeting on November 6, 2017.

\_\_\_\_\_  
Kimberlee Marlan, Board Secretary

# STAFF REPORT

Board Meeting Date: February 5, 2018

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**INFORMATION: Quarterly Budget Update for the Second Quarter of Fiscal Year 2017/18**

**AGENDA ITEM  
NO. 5a**

## **DISCUSSION:**

At the February 6, 2017 meeting, the Board requested that staff include a quarterly update of the JPA budget in each Board agenda. The Board Secretary has prepared the following summary, which covers the second quarter (October to December) of Fiscal Year 2017/18.

### **SPTC-JPA Budget Reconciliation Fiscal Year 2017/18**

Starting JPA "Bank Account" for FY 2017/18: **\$222,605**

- Operating Budget 2017/18: **\$110,000**
- Capital Program Budget 2017/18: **\$ 0**
- Reserve Account 2017/18: **\$ 82,605**

## **OPERATING BUDGET**

<b>OPERATING BUDGET LINE ITEM</b>	<b>FY 2017/2018 BUDGET</b>	<b>EXPENDED TO DATE (12/31/17)</b>	<b>FORECASTED TO EXPEND (by end of FY)</b>
1. Chief Executive Officer & Secretary	\$60,000	\$4,490	\$10,000
2. General Counsel	\$15,000	\$3,249	\$10,000
3. Annual Audit	\$7,000	\$0	\$7,000
4. Treasury Services	\$6,000	\$0	\$5,000
5. Maintenance Allowance	\$12,000	\$0	\$12,000
6. Insurance	\$10,000	\$0	\$10,000
7. Contingency	\$0	\$0	\$0
TOTAL	\$110,000	\$7,739	\$54,000

**CAPITAL PROGRAM BUDGET**

Capital Program FY 2015/16:	\$ 88,430
Capital Program FY 2016/17:	\$ 30,000
Capital Program FY 2017/18:	<u>\$ 0</u>

**Total Capital Program: \$118,430**

Expended - Permits:	\$ 33,140
Expended Environmental Consultant:	\$ 83,280
Total Expended to Date:	<u>\$116,420</u>

**BOARD ACTION:**

Information only; no Board action is required.

## STAFF REPORT

Board Meeting Date: February 5, 2018

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**ACTION: Approve Independent  
Audit Report Fiscal Year 2016/2017**

**AGENDA ITEM  
NO. 5b**

**DISCUSSION:**

Russell CPAs has performed the audit of the JPA's records for FY 2016/2017. The audit report was completed and delivered on January 23, 2018 and a copy of the report is attached.

The audit report has concluded that there are no findings of non-compliance and the JPA's operations are in conformity with general accepted accounting principles.

**Attachments:**

Letter from Russell CPAs dated December 15, 2017 and Audit Report

**BOARD ACTION:**

Staff recommends the Board approve the Audit Report for FY 2016/2017.

December 15, 2017

To the Board of Directors  
Sacramento-Placerville Transportation Corridor

We have audited the financial statements of the governmental activities of the major fund of the Sacramento-Placerville Transportation Corridor for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 26, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by of the Sacramento-Placerville Transportation Corridor are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016/2017. We noted no transactions entered into by of the Sacramento-Placerville Transportation Corridor during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the of the Sacramento-Placerville Transportation Corridor's financial statements was:

Management's estimate of the member dues is based on anticipated budget. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of Management Company fees in Note 2 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 15, 2017.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Sacramento-Placerville Transportation Corridor's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Sacramento-Placerville Transportation Corridor's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Budgetary Comparison Schedule, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the Sacramento-Placerville Transportation Corridor and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in blue ink that reads "Russell CPAs". The signature is written in a cursive, flowing style.

Russell CPAs  
Sacramento, California



**SACRAMENTO-PLACERVILLE TRANSPORTATION CORRIDOR JOINT POWERS AUTHORITY**  
**FINANCIAL STATEMENTS**  
**WITH**  
**INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Sacramento-Placerville Transportation Corridor Joint Powers Authority  
Sacramento, California

We have audited the accompanying financial statements of the governmental activities, of the Sacramento-Placerville Transportation Corridor Joint Powers Authority as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Sacramento-Placerville Transportation Corridor Joint Powers Authority, as of June 30, 2017, 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.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-7 and 18 be presented to supplement the basic financial statements. Such information, 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 December 15, 2017 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Russell CPAs". The word "Russell" is written in a cursive script, and "CPAs" is written in a simpler, blocky font.

Russell CPAs  
December 15, 2017  
Sacramento, California

**SACRAMENTO-PLACERVILLE TRANSPORTATION CORRIDOR JOINT POWERS AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

As management of the Sacramento-Placerville Transportation Corridor Joint Powers Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 8.

**FINANCIAL HIGHLIGHTS**

The Authority's annual operating budget for fiscal year 2016/2017 was \$110,000, which is the same as fiscal year 2015/2016 budget of \$110,000.

The fiscal year 2016/2017 operating budget of \$110,000 was funded by a \$27,500 contribution from each member agency.

The Authority's fixed asset value is \$14.7 million.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements which have the following components, in addition to management's discussion and analysis: 1) Authority-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) required supplementary schedules. The Authority-wide and fund financial statements are presented in a combined format on pages 8 through 9. Items in the adjustment column are discussed in notes 6 to the financial statements.

As the Authority's Board of Directors is appointed by governmental agencies, the Authority adopted Governmental Accounting Standards Board (GASB). The Authority has only governmental type fund.

**AUTHORITY-WIDE FINANCIAL**

The Authority-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Statement of Activities* presents information showing how the Agency's net assets changed during the most recent fiscal year. All changes in net assets 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 this statement for some items that will only result in cash flows in future fiscal periods.

**SACRAMENTO-PLACERVILLE TRANSPORTATION CORRIDOR JOINT POWERS AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

**FUND FINANCIAL STATEMENTS**

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 Authority uses fund accounting to ensure and demonstrate compliance with finance-related contractual requirements. The Authority has one fund which is a governmental-type fund.

Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the Authority-wide financial statements, it is useful to compare the information presented for the governmental fund with similar information presented for governmental activities. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a column detailing the difference (adjustments) between the governmental fund and governmental activities. These adjustments are discussed in further detail in note 6 to the basic financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

The notes provide additional information that is essential to a full understanding of the data provided in the Authority-wide and fund financial statements. The notes to the financial statements can be found on pages 10 through 16 of this report.

**AUTHORITY-WIDE FINANCIAL ANALYSIS**

**Sacramento-Placerville Transportation Corridor Joint Powers Authority  
Summary of Net Positions  
Authority-Wide Activities  
As of June 30, 2017 and 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Increase/ (Decrease)</u>
Current Assets	\$ 100,075	\$ 113,328	\$ (13,253)
Other Assets	<u>14,827,357</u>	<u>14,707,172</u>	<u>120,185</u>
<b>Total Assets</b>	<u>14,927,432</u>	<u>14,820,500</u>	<u>106,932</u>
Current Liabilities	<u>4,506</u>	<u>16,584</u>	<u>(12,078)</u>
Net Position:			
Invested in Capital Assets	14,827,357	14,707,172	120,185
Unassigned/Unrestricted	<u>95,569</u>	<u>96,744</u>	<u>(1,175)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 14,922,926</u>	<u>\$ 14,803,916</u>	<u>\$ 119,010</u>

Net position represent the difference between the Authority's resources and its obligations. At June 30, 2017, approximately 99% of the Authority's net position were invested in land.

**SACRAMENTO-PLACERVILLE TRANSPORTATION CORRIDOR JOINT POWERS AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Sacramento-Placerville Transportation Corridor Joint Powers Authority  
Authority-Wide Activities  
As of June 30, 2017 and 2016**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Increase/ (Decrease)</u>
<b>REVENUES</b>			
Program Revenues			
Charges for Services			
Permit Fees	\$ -	\$ 750	\$ (750)
Lease Income	-	100	(100)
Investment Income	1,336	401	935
Contributions			
Member Contributions	<u>110,000</u>	<u>110,000</u>	<u>-</u>
<b>Total Revenues</b>	<u>111,336</u>	<u>111,251</u>	<u>85</u>
<b>EXPENDITURES</b>			
Land preservation	<u>64,367</u>	<u>96,517</u>	<u>(32,150)</u>
Increase (Decrease) in Net Position	<u>46,969</u>	<u>14,734</u>	<u>32,235</u>
<b>NET POSITION BEGINNING OF YEAR</b>	<u>14,875,957</u>	<u>14,820,332</u>	<u>55,625</u>
<b>CUMULATIVE EFFECT OF CORRECTION OF ERROR</b>	<u>-</u>	<u>40,891</u>	<u>(40,891)</u>
<b>NET POSITION END OF YEAR</b>	<u>\$ 14,922,926</u>	<u>\$ 14,875,957</u>	<u>\$ 46,969</u>

**AUTHORITY BUDGET ANALYSIS**

The Authority's Board of Directors approved the proposed 2016/2017 budget in May 2016. The budget-to-actual schedule for the year is shown on page 18.

**FINANCIAL ANALYSIS OF THE AUTHORITY'S FUNDS**

The focus of the Authority's funds, all of which are governmental type funds, is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information may serve as a useful measure of the Authority's net resources available for spending for program purposes at the end of the fiscal year.

As of the end of the current fiscal year, the Authority's fund balances totaled \$95,569. The Authority's major source of revenue is from member contributions. The Authority's typical major expenditures are for management fees and legal fees, however, for the past year there have been some expenditures for the Authority's capital projects. Capital assets are not shown on the fund statements since they are not available for nearterm financing of the Authority's operations.

**SACRAMENTO-PLACERVILLE TRANSPORTATION CORRIDOR JOINT POWERS AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

**CAPITAL ASSETS**

As of June 30, 2017, the Authority's investment in capital assets was \$14,707,172. Capital assets are stated at cost, net of accumulated depreciation. This investment in capital assets includes land, land improvements and equipment.

During 2016/2017, the Authority incurred consulting costs in relation to the design and construction of a nature trail. These costs were capitalized as Construction in Progress. Additional information on the Authority's capital assets can be found in note 5 of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

On May 11, 2017, the JPA Board adopted an operating budget in the amount of \$110,000 for fiscal year 2017/2018, which is same as the fiscal year 2016/2017 budget (\$110,000).

The member agencies annual contributions for fiscal year 2017/2018 will be the same as the previous fiscal year \$27,500. The annual operating budget will be funded entirely by member agency contributions.

In the year 2000, the Authority's Board adopted a "Continuing Funding Agreement" by which the member agencies agreed to contribute up to 25% of the annual budget adopted by the Authority for each fiscal year. The maximum amount of contribution was set at \$30,000 for fiscal year 2000/2001, with a 2% annual escalator for each subsequent fiscal year. The \$27,500 member contribution for fiscal years 2016/2017 and 2017/2018 is well under the limit set by the Continuing Funding Agreement.

The new fiscal year 2016/2017 budget anticipated two changes to the budget line items:

- The incumbent CEO, John Segerdell, will be phasing out of his role as Chief Executive Officer, with a transition to a newly appointed CEO, with the Deputy CEO, Mark Rackovan being recommended as his replacement, pending JPA Board approval.
- The weed control in the JPA corridor having been previously performed by the FEDSHRA, will now be shared with the El Dorado Western Railway Foundation (EDWRF). The FEDSSHRA will be responsible for weed control in Folsom and Sacramento County, with the EDWRF working in El Dorado County.

During FY2017/2018, the Board approved \$55,000 for a Capital Improvement Project (CIP). The CIP approved by the Board is to develop and construct ten miles of trail between Latrobe Road in El Dorado County and ending at Iron Point Road in Folsom. The CIP in the amount of \$120,185 is funded entirely from the JPA's reserve account. The Board approved the Project's EIR and IS/MND in November 2015.

The reserve account consists of the final carryover balance from previous fiscal years plus any revenue earned, such as interest and fees collected. The reserve account allows the Authority to maintain sufficient funds in its account for cash flow purposes and be used to supplement member agency contributions. This also covers additional unexpected expenses that may occur rather than seeking additional midyear funding contributions from its member agencies.



**SACRAMENTO-PLACERVILLE TRANSPORTATION CORRIDOR JOINT POWERS AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

**CONTACTING THE AUTHORITY'S MANAGEMENT**

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, SPTC JPA, 50 Natoma St, Folsom, CA 95630 or by calling (916) 924-8800.

**SACRAMENTO-PLACERVILLE TRANSPORTATION CORRIDOR JOINT POWERS AUTHORITY  
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET  
JUNE 30, 2017**

	<u>General Fund</u>	<u>Adjustments Note 6</u>	<u>Statement of Net Assets</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Investments (Note 3)	\$ 99,851	\$ -	\$ 99,851
Prepaid Expenses	224	-	224
Interest Income Receivable	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Current Assets</b>	<u>100,075</u>	<u>-</u>	<u>100,075</u>
Land (Note 5)	-	14,707,172	14,707,172
Construction in Progress - Nature Trail (Note 5)	-	120,185	120,185
Property and Equipment (Note 5)	-	2,470	2,470
Less: Accumulated Depreciation (Note 5)	<u>-</u>	<u>(2,470)</u>	<u>(2,470)</u>
<b>TOTAL ASSETS</b>	<u>\$ 100,075</u>	<u>\$ 14,827,357</u>	<u>\$ 14,927,432</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ <u>4,506</u>	\$ -	\$ <u>4,506</u>
<b>Total Current Liabilities</b>	<u>4,506</u>	<u>-</u>	<u>4,506</u>
<b>FUND BALANCE/NET POSITION</b>			
Invested in Capital Assets	-	14,827,357	14,827,357
Unassigned/Unrestricted	<u>95,569</u>	<u>-</u>	<u>95,569</u>
<b>Total Fund Balance/Net Position</b>	<u>95,569</u>	<u>14,827,357</u>	<u>14,922,926</u>
<b>TOTAL LIABILITIES, FUND BALANCE AND NET POSITION</b>	<u>\$ 100,075</u>	<u>\$ 14,827,357</u>	<u>\$ 14,927,432</u>

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

**SACRAMENTO-PLACERVILLE TRANSPORTATION CORRIDOR JOINT POWERS AUTHORITY  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>General Fund</u>	<u>Adjustments Note 7</u>	<u>Statement of Activities</u>
<b>REVENUES</b>			
Program Revenues			
Charges for Services			
Investment Income	1,336	-	1,336
Contributions			
Member Contributions (Note 4)	<u>110,000</u>	<u>-</u>	<u>110,000</u>
<b>Total Revenues</b>	<u>111,336</u>	<u>-</u>	<u>111,336</u>
<b>EXPENDITURES</b>			
Land Preservation			
Administrative	46,817	-	46,817
Legal	13,251	-	13,251
Maintenance	4,299	-	4,299
Capital Outlay	<u>48,144</u>	<u>(48,144)</u>	<u>-</u>
<b>Total Expenditures</b>	<u>112,511</u>	<u>(48,144)</u>	<u>64,367</u>
<b>Excess (Deficiency) of Revenue over (Under) Expenditures</b>	<u>(1,175)</u>	<u>48,144</u>	<u>46,969</u>
<b>Changes in Fund Balance/Net Position</b>	<u>(1,175)</u>	<u>48,144</u>	<u>46,969</u>
<b>FUND BALANCE/NET POSITION BEGINNING OF YEAR</b>	<u>96,744</u>	<u>14,779,213</u>	<u>14,875,957</u>
<b>FUND BALANCE/NET POSITION END OF YEAR</b>	<u>\$ 95,569</u>	<u>\$ 14,827,357</u>	<u>\$ 14,922,926</u>

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

**SACRAMENTO-PLACERVILLE TRANSPORTATION CORRIDOR JOINT POWERS AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Description of Reporting Entity - The Sacramento-Placerville Transportation Corridor Joint Powers Authority, ("the Authority"), was formed in 1991 for the purpose of acquiring the Southern Pacific Transportation Company's Placerville Branch (Rail Corridor), and to provide reciprocal use agreements for transportation and transportation preservation uses as may be desired by the agencies. The Authority was formed by the Sacramento Regional Transit District, County of Sacramento, City of Folsom, and County of El Dorado. The Authority is a separate legal entity and not a component unit of any of the founding governmental members.

The Authority acquired title to the Rail Corridor on September 6, 1996 formerly owned by the Southern Pacific Transportation Company. Concurrently with the acquisition of the Rail Corridor, the Authority entered into a Reciprocal Use and Funding Agreement with its member agencies and granted to each member agency a broad general-use easement over its respective allocated portion of the Rail Corridor. Under the terms of the respective easement agreements, each member agency has the right to use its allocated portion of the Rail Corridor, subject to certain limitations, and has primary responsibility for property maintenance. The Authority retains ownership of the fee title and grants permits, licenses, leases, easements and other third-party use agreements, if requested by its member agencies. The Authority's Chief Executive Officer is authorized to execute any such third-party agreement upon receipt of a written request from the member agency holding an easement for the affected portion of the Rail Corridor. The Authority exists primarily to provide unified ownership of the Rail Corridor, to facilitate coordination of uses of the Rail Corridor, and to protect the overall integrity and continuity of the Rail Corridor.

Each member of the Authority contributed cash for their share of the corridor prorated by the portion of the corridor running through their respective geographic regions. Initial member contributions are as follows:

City of Folsom	\$ 3,239,931
Sacramento Regional Transit District	8,105,010
County of Sacramento	526,515
County of El Dorado	<u>2,835,716</u>
	<u>\$ 14,707,172</u>

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Authority are described below.

**Authority-wide and fund financial statements**

The Authority-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary fund types of the Authority.

The accounts of the Authority are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions, or limitations. Major individual funds are reported as separate columns in the fund financial statements.

**SACRAMENTO-PLACERVILLE TRANSPORTATION CORRIDOR JOINT POWERS AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Currently the Authority only has one fund.

**Measurement focus, basis of accounting, and financial statement presentation**

The Authority-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized on governmental fund financial statements.

The Authority reports the following major governmental funds:

General Fund - This fund is established to account for resources devoted to the administration of the activities of the Authority and excludes those resources required to be accounted for in another fund.

**Operations** – The Authority is governed by an independent Board of Directors. Administrative services are provided by consultants and the members' support staff as the Authority has no employees of its own. The accounting function of the Authority is contracted to the County of Sacramento.

**Cash** – The Authority's cash is pooled with the County of Sacramento for investment purposes.

**Capital Assets** – The Authority capitalizes all land, land improvements, furniture and fixtures, and equipment purchases with costs in excess of \$1,000 and a useful life of one year or more.

Capital asset acquisitions are recorded at cost. Contributions are recorded at the estimated fair value on the date of contribution. Non-monetary land trades are valued at the historical cost of the land relinquished.

Capital assets are depreciated using the straight-line method, half-year convention, over the following estimated useful lives:

Equipment	5 Years
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**Fund Equity** – The Authority-wide financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets, and unrestricted.

Invested in Capital Assets - This category groups all capital assets into one component of net assets. Accumulated depreciation and the outstanding balances of debt, if any, that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

**SACRAMENTO-PLACERVILLE TRANSPORTATION CORRIDOR JOINT POWERS AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

The Authority's governmental fund statements utilize a fund balance presentation. Fund balances are categorized as nonspendable, restricted, committed, assigned, and unassigned. Currently the Authority only has unassigned fund balances.

Unassigned Fund Balance - This category presents the portion of the fund balance that does not fall into nonspendable, restricted, committed, or assigned and are expendable.

**Member Contributions** – Per the Reciprocal Use and Funding Agreement each member shall contribute an equal contribution annually for the operations of the Authority. The Authority's board sets the annual contributions at its May board meeting after adopting its annual budget. Members are billed July 1st of each fiscal year.

**Use of Estimates** – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**NOTE 2: MANAGEMENT COMPANY**

PGH Wong Engineering, Inc, (Management Company) provided management services for the Authority. The Authority pays the Management Company a monthly fee based on the number of hours PGH Wong's employees spend on the Authority's behalf. The Authority's contract with the Management Company ended in fiscal year 2016/2017. The Authority paid the Management Company \$27,400 for the year ended June 30, 2017 and has one outstanding invoice for \$2,112 as of June 30, 2017.

**NOTE 3: CASH AND INVESTMENTS**

The County of Sacramento maintains a cash and investment pool that is available for use by all fund participants. The share of each fund participant's cash and investment in the pool is separately maintained and interest thereon apportioned to each fund based on its average balance.

**Investments**

The Authority's investment policy, in conformity with applicable California General Statutes, authorizes investments in Sacramento County pooled funds. The value of the position in the pools is the same as the pool shares. These investments are not categorized since these funds and pools contain a diversified portfolio of securities within each category as defined in the following paragraph:

Category 1 includes investments that are insured or registered or for which collateral is held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker or dealer or its trust department in the Authority's name. Category 3 includes unsecured and unregistered investments for which securities are held by the broker or dealer or by its trust department or agent but not in the Authority's name.

**SACRAMENTO-PLACERVILLE TRANSPORTATION CORRIDOR JOINT POWERS AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE 3: CASH AND INVESTMENTS** (Continued)

**Cash in County Treasury**

The County of Sacramento Treasury (the Treasury) acts as a bank for the Authority's cash transactions. Interest income is prorated to the Authority based on the average cash balance maintained in the pool. Interest earned on grant funds is remitted to the grantors or used for program purposes. The County of Sacramento Treasurer's investment pool is subject to regulatory oversight by the Treasury Oversight Committee, as required by California Government Code Section 27134. The value of the pool shares which may be withdrawn is determined on an amortized cost basis, which may be different than the fair value of the Authority's position in the pool.

Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed income. This method differs from the fair value method used to value investments in these financial statements in that unrealized gains or losses are not distributed to pool participants.

The Treasury is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the Treasury are either secured by federal depository insurance or are collateralized.

The Treasury is restricted by Government Code Section 53635, pursuant to Section 53601, to invest in time deposits; U.S. government securities; state registered warrants, notes, or bonds; the State Treasurer's investment pool; bankers' acceptances; commercial paper; negotiable certificates of deposit; and repurchase or reverse repurchase agreements.

The investment policy and a number of reports regarding investment positions and performance of the external investment pool are available at the County of Sacramento webpage.

**Investments Authorized by The Authority's Investment Policy**

The Authority has adopted the investment policy of the County of Sacramento external investment pool. The table below identifies the investment types authorized for the Authority by the California Government Code Section 53601. This table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

**SACRAMENTO-PLACERVILLE TRANSPORTATION CORRIDOR JOINT POWERS AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE 3: CASH AND INVESTMENTS** (Continued)

<b>Authorized Investment Type</b>	<b>Maximum Maturity</b>	<b>Maximum Percentage of Portfolio</b>	<b>Maximum Investment in One Issuer</b>
U.S. Treasury Notes and Agency Obligations	5 years	100%	None
Bonds issued by Local Agencies	5 years	80%	10%
Registered State Warrants and Municipal Notes	5 years	80%	10%
Bankers Acceptances	180 days	40%	10%
Commercial Paper	270 days	40%	10%
Negotiable Certificates of Deposit	180 days	30%	10%
CRA Bank Deposits/Certificates of Deposit	1 year	30%	10%
Repurchase Agreements	1 year	30%	10%
Reverse Repurchase Agreements	92 days	20%	10%
Medium-Term Corporate Notes	180 days	30%	10%
Shares of a Money Market Mutual Fund	Per SEC regulations	20%	10%
Collateralized Mortgage Obligations	180 days	20%	10%
Local Agency Investment Funds (LAIF)	N/A	State Limit	\$50 million

**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 fair values of investments with longer maturities have a greater sensitivity to changes in market interest rates. As of June 30, 2017, the weighted average maturity of the investments contained in the Treasury investment pool is approximately 259 days.

**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 Treasury investment pool does not have a rating provided by a nationally recognized statistical rating organization.

**NOTE 4: MEMBER CONTRIBUTIONS**

Contributions from members for the year ended June 30, 2017 consisted of the following:

City of Folsom	\$ 27,500
Sacramento Regional Transit District	27,500
County of Sacramento	27,500
County of El Dorado	<u>27,500</u>
<b>Total Member Contributions</b>	<b>\$ <u>110,000</u></b>



**SACRAMENTO-PLACERVILLE TRANSPORTATION CORRIDOR JOINT POWERS AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE 5: CAPITAL ASSETS**

On September 6, 1996 the Southern Pacific Transportation Company (seller) transferred its rights, title and interest in those portions of the Rail Corridor held in fee or by easement and quick claimed all its rights, title and interest by grant, without warranty of any kind, whether oral or written, expressed or implied, whether existing by common law or by statute or any other manner to the Authority.

The Rail Corridor acquired consists of a 54 mile rail corridor extending from Sacramento, California to Placerville, California.

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2017</u>
<b>Capital Assets not being depreciated:</b>				
Land	\$ 14,707,172	\$ -	\$ -	\$ 14,707,172
Construction in Progress	<u>72,041</u>	<u>48,144</u>	<u>-</u>	<u>120,185</u>
<b>Total Capital Assets not being depreciated</b>	<u>14,779,213</u>	<u>48,144</u>	<u>-</u>	<u>14,827,357</u>
<b>Capital Assets being depreciated:</b>				
Equipment	<u>2,470</u>	<u>-</u>	<u>-</u>	<u>2,470</u>
<b>Total Capital Assets being depreciated</b>	<u>2,470</u>	<u>-</u>	<u>-</u>	<u>2,470</u>
<b>Less accumulated depreciation</b>				
Equipment	<u>(2,470)</u>	<u>-</u>	<u>-</u>	<u>(2,470)</u>
<b>Total accumulated depreciation</b>	<u>(2,470)</u>	<u>-</u>	<u>-</u>	<u>(2,470)</u>
<b>Capital Assets, net</b>	<u>\$ 14,779,213</u>	<u>\$ 48,144</u>	<u>\$ -</u>	<u>\$ 14,827,357</u>

**SACRAMENTO-PLACERVILLE TRANSPORTATION CORRIDOR JOINT POWERS AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE 6: EXPLANATION OF DIFFERENCES BETWEEN THE BALANCE SHEET AND THE STATEMENT OF NET POSITION**

<b>FUND BALANCE</b>	\$	95,569
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Capital assets used in Conservancy activities are not financial resources and therefore are not reported in the governmental funds.

Capital Assets	14,829,827	
Less: Accumulated Depreciation	<u>(2,470)</u>	
		14,827,357

<b>NET POSITION</b>	\$	<u><u>14,922,926</u></u>
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**NOTE 7: EXPLANATION OF THE DIFFERENCES BETWEEN THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE STATEMENT OF ACTIVITIES**

<b>NET CHANGE IN FUND BALANCE</b>	\$	(1,175)
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Governmental funds report capital outlay as expenditures. In the statement of activities however, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay		<u>48,144</u>
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<b>CHANGE IN NET POSITION</b>	\$	<u><u>46,969</u></u>
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**NOTE 8: RELATED PARTY TRANSACTIONS**

During the year ended June 30, 2017, the Authority paid \$4,170 to the County of Sacramento for accounting services.

**NOTE 9: SUBSEQUENT EVENT**

Management has evaluated subsequent events through December 15, 2017, the date which the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2017 that require recognition or disclosure in such financial statements

## **REQUIRED SUPPLEMENTARY INFORMATION**

**SACRAMENTO-PLACERVILLE TRANSPORTATION CORRIDOR JOINT POWERS AUTHORITY  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2017**

	Operating Budget				Capital Budget			
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>								
Program Revenues								
Charges for Services								
Permit Fees	-	-	-	-	-	-	-	-
Lease Income	-	-	-	-	-	-	-	-
Investment Income	-	-	1,336	1,336	-	-	-	-
Contributions								
Member Contributions (Note 4)	<u>110,000</u>	<u>110,000</u>	<u>110,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Revenues</b>	<u>110,000</u>	<u>110,000</u>	<u>111,336</u>	<u>1,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>								
Land Preservation								
Chief Executive Officer	60,000	60,000	31,647	28,353	-	-	-	-
JPA General Counsel	15,000	15,000	13,251	1,749	-	-	-	-
Annual Audit	8,000	8,000	9,000	(1,000)	-	-	-	-
Treasury Services	6,000	6,000	6,170	(170)	-	-	-	-
Maintenance Allowance	16,000	16,000	4,299	11,701	-	-	-	-
Capital Outlay	-	-	-	-	55,000	55,000	48,144	6,856
Contingency	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>110,000</u>	<u>110,000</u>	<u>64,367</u>	<u>45,633</u>	<u>55,000</u>	<u>55,000</u>	<u>48,144</u>	<u>6,856</u>
<b>Excess (deficiency) of Revenue over Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>46,969</u>	<u>\$ (44,297)</u>	<u>\$ (55,000)</u>	<u>\$ (55,000)</u>	<u>(48,144)</u>	<u>\$ (6,856)</u>
<b>Fund Balance - June 30, 2016</b>							<u>96,744</u>	
<b>Fund Balance - June 30, 2017</b>							<u>\$ 95,569</u>	

## **OTHER REPORTS**

**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**

Board of Directors  
Sacramento-Placerville Transportation Corridor Joint Powers Authority  
Sacramento, 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 governmental activities of the Sacramento-Placerville Transportation Corridor Joint Powers Authority, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Sacramento-Placerville Transportation Corridor Joint Powers Authority's basic financial statements, and have issued our report thereon dated December 15, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Sacramento-Placerville Transportation Corridor Joint Powers Authority's internal control over financial reporting (internal control) to determine the audit 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 Sacramento-Placerville Transportation Corridor Joint Powers Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sacramento-Placerville Transportation Corridor Joint Powers Authority's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 may exist that have not been identified.

**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***

**Page 2 of 2**

**Compliance and Other Matter**

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

**Purpose of this Report**

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

A handwritten signature in blue ink that reads "Russell CPAs". The signature is written in a cursive, flowing style.

Russell CPAs  
Sacramento, California  
December 15, 2017

## STAFF REPORT

Board Meeting Date: February 5, 2018

Page 1 of 1

**INFORMATION: Update on Natural Trail Project**

**AGENDA ITEM  
NO. 6a**

### **DISCUSSION:**

At the November 6, 2017 Board meeting, JPA staff updated the Board on the status of the Natural Trail project. Staff has confirmed, with respect to the tribal consult phase, since the tribes did not reply within sixty days of notification, it can be determined that they do not have any issues with the project and we can therefore consider that task completed.

The Corps of Engineers did receive a letter from the State Historical Preservation Office (SHPO), asking for clarification on numerous cultural resource locations along the proposed trail corridor. The JPA's environmental consultant, Foothill Associates, assisted the Corps in preparing a response letter.

As of the date of the preparation of this report, staff has not received any confirmation whether the response letter was satisfactory; however we believe that this should be the final regulatory obstacle before we can proceed to the construction phase.

### **BOARD ACTION:**

Information only; no Board action is required.



## STAFF REPORT

Board Meeting Date: February 5, 2018

Page 1 of 1

**INFORMATION: Update License Agreement with  
Placerville & Sacramento Valley Railroad (P&SVRR)  
for Excursion Rail Services**

**AGENDA ITEM  
NO. 6b**

### **DISCUSSION:**

At the November 6, 2017 Board meeting, the Board unanimously approved a motion to direct the Chief Executive Officer to draft a renewed, five-year license agreement with Placerville & Sacramento Valley Railroad (P&SVRR) for excursion rail services, and to submit the agreement to the member agencies for approval by their respective governing bodies.

A draft agreement was prepared to allow El Dorado County staff to have their Parks & Recreation Commission review, but P&SVRR had some concerns with the wording and the item was pulled from all member agency agendas until the wording in the license agreement could be mutually agreed upon by P&SVRR, El Dorado County, and JPA staff. A meeting between the three groups was held on January 5, 2017 which led to a proposed wording that was submitted by P&SVRR the following week.

There are still some sections of the agreement that have not been fully resolved and the three parties are working to get the agreement into a form that can be approved by the member agencies. In the meantime, JPA staff proposes a temporary extension of the current license agreement to allow P&SVRR to continue operating on the rail corridor until the next JPA Board meeting (May 7, 2018); this proposed extension is a separate item on this meeting's agenda (item 6c).

### **BOARD ACTION:**

Information only; no Board action is required.

# STAFF REPORT

Board Meeting Date: February 5, 2018

Page 1 of 1

**RESOLUTION: APPROVE A 3-MONTH EXTENSION OF CURRENT LICENSE AGREEMENT WITH PLACERVILLE & SACRAMENTO VALLEY RAILROAD (P&SVRR) FOR EXCURSION RAIL SERVICES**

**AGENDA ITEM  
NO. 6c**

## **DISCUSSION:**

As described in the previous agenda item, JPA staff continues to work with P&SVRR and El Dorado County staff to formalize an agreement for a renewed, 5-year license agreement for excursion rail services. The current license agreement expires this month (February 2018), and therefore JPA staff is proposing a 3-month extension to allow P&SVRR to continue providing excursion rail services while the renewal is negotiated and approved.

The 3-month extension will terminate on May 7, 2018, which is the date of the next SPTC JPA Board meeting. If the renewed agreement has not been approved by that time, then the JPA Board can decide whether or not to issue any additional extensions.

## **ATTACHMENTS:**

1. Resolution 2018-02-01: Approve a 3-month extension of current License Agreement with Placerville & Sacramento Valley Railroad (P&SVRR) for Excursion Rail Services.

## **BOARD ACTION:**

Staff recommends that the Board approve the attached Resolution 2018-02-01, Approve a 3-month extension of current License Agreement with Placerville & Sacramento Valley Railroad (P&SVRR) for Excursion Rail Services.

**RESOLUTION NO. 2018-02-01**

Adopted by the Board of Directors of the Sacramento-Placerville Transportation  
Corridor Joint Powers Authority on the date of:

February 5, 2018

**APPROVE A 3-MONTH EXTENSION of CURRENT LICENSE AGREEMENT WITH  
PLACERVILLE & SACRAMENTO VALLEY RAILROAD (P&SVRR) FOR EXCURSION RAIL  
SERVICES**

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO-PLACERVILLE  
TRANSPORTATION CORRIDOR JOINT POWERS AUTHORITY AS FOLLOWS:

THAT, the Board of Directors of the Sacramento-Placerville Transportation Corridor (SPTC)  
Joint Powers Authority supports transportation uses in the SPTC, including rail activities; and,

THAT, the Placerville & Sacramento Valley Railroad (P&SVRR) has provided excursion rail  
services on portions of the SPTC since 2008 under a license agreement that is set to expire in  
February 2018; and,

THAT, on November 6, 2017 the SPTC JPA Board approved a renewed license agreement  
with P&SVRR for a term of five years; and,

THAT, the terms of the renewed license agreement have not been finalized nor approved by the  
member agencies at this time;

THEREFORE, the SPTC JPA Board hereby authorizes the Chief Executive Officer to extend the  
term of the current license agreement for a 3-month period, ending on May 5, 2018.

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Kerri Howell, Chair

ATTEST:

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Kimberlee Marlan, Secretary

# STAFF REPORT

Board Meeting Date: February 5, 2018

Page 1 of 1

**INFORMATION: CEO/Member  
Agency Staff Reports**

**AGENDA ITEM  
NO. 7a**

## **DISCUSSION:**

The CEO and JPA Staff members will report to the Board on recent activities, if any:

- i. CEO
- ii. El Dorado County
- iii. City of Folsom
- iv. Sacramento County
- v. Sacramento Regional Transit

## **BOARD ACTION:**

Information only; no Board action is required.