

**THE "BIZZ JOHNSON" HIGHWAY INTERCHANGE  
JOINT POWERS AUTHORITY**

**BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

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**THE "BIZZ JOHNSON" HIGHWAY INTERCHANGE JOINT POWERS AUTHORITY  
 BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2014**

**TABLE OF CONTENTS**

	<u>Page</u>
<i>Independent Auditor's Report</i> .....	1
 <i>Basic Financial Statements:</i>	
Government-wide Financial Statements:	
Statement of Net Position .....	4
Statement of Activities.....	5
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet .....	8
Statement of Revenues, Expenditures, and Changes in Fund Balance.....	9
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual .....	10
Notes to Financial Statements.....	11

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## INDEPENDENT AUDITOR'S REPORT

Members of the Board of the  
"Bizz Johnson" Highway Interchange Joint Powers Authority  
City of Roseville, California

### *Report on Financial Statements*

We have audited the accompanying financial statements of the governmental activities and the major fund of the "Bizz Johnson" Highway Interchange Joint Powers Authority as of and for the year ended June 30, 2014, 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 the 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. 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 Authority'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 Authority'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.

*Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Authority as of June 30, 2014, and the respective changes in financial position and the budgetary comparison listed as part of the basic financial statements for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Other Matters*

*Required Supplementary Information*

The Authority has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements. Our opinion on the basic financial statements is not affected by this missing information.

*Mane & Associates*

Pleasant Hill, California  
January 7, 2015

**“BIZZ JOHNSON” HIGHWAY INTERCHANGE JOINT POWERS AUTHORITY**

**STATEMENT OF NET POSITION  
AND  
STATEMENT OF ACTIVITIES**

The Statement of Net Position and the Statement of Activities summarize the Authority’s entire financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all of the Authority’s assets, all its liabilities, all its deferred inflows/outflows or resources, as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all of the Authority’s transactions are taken into account, regardless of whether or when cash changes hands.

The Statement of Net Position reports the difference between the Authority’s total assets and deferred outflows of resources and the Authority’s total liabilities and deferred inflows or resources, including all the Authority’s capital assets and all its long-term debt. The Statement of Net Position focuses the reader on the composition of the Authority’s net position, by subtracting total liabilities and deferred inflows of resources from total assets and deferred outflows of resources.

The Statement of Net Position summarizes the financial position of all the Authority’s Governmental Activities in a single column. The Authority’s Governmental Activities include the activities of its General Fund.

The Statement of Activities reports increases and decreases in the Authority’s net position. It is also prepared on the full accrual basis, which means it includes all the Authority’s revenues and all its expenses, regardless of when cash changes hands. This differs from the “modified accrual” basis used in the Fund financial statements, which reflect only current assets, current liabilities, current deferred inflows/outflows of resources, available revenues and measurable expenditures.

The format of the Statement of Activities presents the Authority’s expenses first, listed by program. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental program. The Authority’s general revenues are then listed, and the Change in Net Position is computed and reconciled with the Statement of Net Position.

THE "BIZZ JOHNSON" HIGHWAY INTERCHANGE  
 JOINT POWERS AUTHORITY  
 STATEMENT OF NET POSITION  
 JUNE 30, 2014

	Governmental Activities
<b>ASSETS</b>	
Cash and investments in City Treasury (Note 2)	\$1,990,060
Accrued interest receivable	3,590
Due from members	216,285
Total Assets	2,209,935
<b>LIABILITIES</b>	
Accounts payable	1,269
Due to other government agencies (Note 3)	3,059,716
Total Liabilities	3,060,985
<b>NET POSITION (DEFICIT) (Note 4)</b>	
Unrestricted	(851,050)
Total Net Position (Deficit)	(\$851,050)

See accompanying notes to financial statements

THE "BIZZ JOHNSON" HIGHWAY INTERCHANGE  
 JOINT POWERS AUTHORITY  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2014

	Governmental Activities
Expenses:	
Administration	\$16,602
Projects	266,634
Total program expenses	283,236
Program revenues:	
Capital grants and contributions	1,136,891
Net program revenue	853,655
General revenues:	
Interest	13,188
Other revenue	4,760
Total general revenues	17,948
Change in Net Position	871,603
Net Position (Deficit)-Beginning	(1,722,653)
Net Position (Deficit)-Ending	(\$851,050)

See accompanying notes to financial statements

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**FUND FINANCIAL STATEMENTS**

Major funds are defined generally as having significant activities or balances in the current year.

**MAJOR GOVERNMENTAL FUNDS**

The Authority's only fund, the General Fund, is its Major Fund in fiscal 2014.

THE "BIZZ JOHNSON" HIGHWAY INTERCHANGE  
JOINT POWERS AUTHORITY  
BALANCE SHEET  
JUNE 30, 2014

ASSETS

Cash and investments in City Treasury (Note 2)	\$1,990,060
Accrued interest receivable	3,590
Due from members	<u>216,285</u>
Total Assets	<u><u>\$2,209,935</u></u>

LIABILITIES

Accounts payable	\$1,269
Due to other government agencies (Note 3)	<u>3,059,716</u>
Total Liabilities	<u>3,060,985</u>

FUND EQUITY

Fund Balance (Deficit) (Note 4)	
Unassigned	<u>(851,050)</u>
Total Liabilities and Fund Balance	<u><u>\$2,209,935</u></u>

See accompanying notes to financial statements

THE "BIZZ JOHNSON" HIGHWAY INTERCHANGE  
 JOINT POWERS AUTHORITY  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGE IN FUND BALANCE  
 FOR THE YEAR ENDED JUNE 30, 2014

REVENUES

Traffic mitigation fees	\$1,136,891
Interest	13,188
Other revenue	<u>4,760</u>
Total Revenues	<u>1,154,839</u>

EXPENDITURES

Personnel services and administration	16,602
Capital outlay	<u>266,634</u>
Total Expenditures	<u>283,236</u>

NET CHANGE IN FUND BALANCE	871,603
Fund balance (deficit) at beginning of year	<u>(1,722,653)</u>
Fund balance (deficit) at end of year	<u><u>(\$851,050)</u></u>

See accompanying notes to financial statements

THE "BIZZ JOHNSON" HIGHWAY INTERCHANGE  
 JOINT POWERS AUTHORITY  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Traffic mitigation fees	\$500,000	\$500,000	\$1,136,891	\$636,891
Interest	15,000	15,000	13,188	(1,812)
Other revenue			4,760	4,760
Total Revenues	515,000	515,000	1,154,839	639,839
<b>EXPENDITURES</b>				
Personnel services and administration	170,500	170,500	16,602	153,898
Capital outlay	360,884	360,884	266,634	94,250
Total Expenditures	531,384	531,384	283,236	248,148
<b>NET CHANGE IN FUND BALANCE</b>	<b>(\$16,384)</b>	<b>(\$16,384)</b>	871,603	<b>\$887,987</b>
Fund balance (deficit) at beginning of year			(1,722,653)	
Fund balance (deficit) at end of year			(\$851,050)	

See accompanying notes to financial statements

**THE "BIZZ JOHNSON" HIGHWAY INTERCHANGE JOINT POWERS AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES**

**A. *Organization and Purpose***

The "Bizz Johnson" Highway Interchange Joint Powers Authority was created October 15, 1990 under the provisions of Chapter 5 of Division 7 of the Title 1 of the California Government Code (commencing with section 6500) to provide for the planning, financing, and construction of four interchanges to State Highway 65 located in the jurisdictions of the Cities of Roseville and Rocklin and the County of Placer.

The three directors and three alternate members of the Authority's Board of Directors are comprised of one director and one alternate from each of the two City Councils and the County's Board of Supervisors. The members are appointed by the respective City Councils or Board of Supervisors. The Authority has no employees and substantially all staff services are performed by City of Roseville personnel. Costs incurred by the City of Roseville to provide such services are reimbursed by the Authority.

The Authority is considered to be a separate legal entity and is not a component unit of the City of Roseville, the City of Rocklin, or the County of Placer.

**B. *Basis of Presentation***

The Authority's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

These Standards require that the financial statements described below be presented.

***Authority-wide Statements:*** The Statement of Net Position and the Statement of Activities include the financial activities of the overall Authority's governmental activities. Governmental activities generally are financed through intergovernmental revenues. The Authority is the only entity included in these financial statements.

The Statement of Activities presents a comparison between direct expenses and program revenues each function of the Authority's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues are presented as general revenues.

***Fund Financial Statements:*** The fund financial statements provide information about the Authority. The emphasis of fund financial statements is on major individual governmental funds. The Authority has only one fund, the General Fund.

**THE “BIZZ JOHNSON” HIGHWAY INTERCHANGE JOINT POWERS AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)**

**C. Basis of Accounting**

The Authority-wide financial statements are reported using the economic resources measurement *focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable and available*. The Authority considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Non-exchange transactions, in which the Authority gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The revenues susceptible to accrual include traffic mitigation fees and interest revenue.

**D. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

**E. Budgets and Budgetary Accounting**

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Budget amounts in the financial statements are as originally adopted, or as amended by the Board. Individual amendments were not material in relation to the original appropriations.

**THE “BIZZ JOHNSON” HIGHWAY INTERCHANGE JOINT POWERS AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)**

Formal budgetary integration is employed as a management control device. Encumbrance accounting is employed as an extension of formal budgetary integration in all funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities and are reappropriated in the following year. There are no encumbrances outstanding at June 30, 2014.

**F. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - CASH AND INVESTMENTS**

As of June 30, 2014 the Authority held money in the City of Roseville investment pool so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time. The City’s investment policy and the California Government Code permit investments in City of Roseville Bonds, Securities of the U.S. Government or its agencies, Certificates of Deposit, Negotiable Certificates of Deposit, Medium-Term Notes, Commercial Paper, Banker’s Acceptances, Commercial Paper, the State of California Local Authority Investment Fund (LAIF Pool), Repurchase Agreements, Forward Delivery Agreement, Passbook Savings Account Demand Deposits, and Interest Rate Swaps.

**NOTE 3 – DUE TO OTHER GOVERNMENT AGENCIES**

The Board approved a plan for funding the construction of various Highway 65 Interchange Projects that included the commitment of funds from the Authority along with funds from Roseville, Rocklin and Placer County. The participants remitted funds to the Authority in advance of the construction and those funds have been recorded as Due to Other Government Agencies until the construction takes place and the funds are earned by the Authority or returned to the participants.

**THE “BIZZ JOHNSON” HIGHWAY INTERCHANGE JOINT POWERS AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

**NOTE 4 – NET POSITION AND FUND BALANCES**

Net Position is measured on the full accrual basis while Fund Balance is measured on the modified accrual basis.

**A. *Net Position***

Net Position is the excess of all the Authority’s assets and deferred outflows of resources over all its liabilities and deferred inflows of resources, regardless of fund. Net Position applies only at the Authority-wide level, and is described below:

*Restricted* describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Authority cannot unilaterally alter. These principally include developer fees received for use on capital projects.

*Unrestricted* describes the portion of Net Position which is not restricted to use.

**B. *Fund Balances***

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund’s cash, receivables and deferred outflows of resources, less its liabilities and deferred inflows of resources. Portions of a fund’s balance may be nonspendable, restricted, committed or assigned for future expenditures.

*Nonspendable* fund balances represent balances that are either not in spendable form or are legally or contractually required to be maintained intact.

*Restricted* fund balances have external regulations imposed by outside entities, such as other governments, which restrict the expenditures of the restricted funds to the purpose intended by the entity which provided the funds. The Authority cannot modify or remove these restrictions or reserves.

*Commitments* are imposed by the Board to reflect future spending plans or concerns about the availability of future resources. Commitments may be modified, amended or removed by Board action.

*Assigned* fund balances are amounts constrained by the Authority’s intent to be used for a specific purpose, but are neither restricted nor committed.

*Unassigned* fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of governmental funds.

**C. *Fund Balance Deficit***

The General Fund had deficit fund balance of \$851,050 as of June 30, 2014 as current and prior year project expenditures exceeded traffic mitigation fees collected and remitted by the participants. The deficit is expected to be eliminated by future traffic mitigation fees.