

COUNTY OF MONTEREY
MEASURE X ACTIVITY
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT

June 30, 2023



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAconnect.com](https://www.CLAconnect.com)

COUNTY OF MONTEREY
MEASURE X ACTIVITY
TABLE OF CONTENTS
June 30, 2023

Independent Auditors' Report 1

Financial Statements:

 Balance Sheet 3

 Statement of Revenues, Expenditures, and
 Changes in Fund Balance 4

Notes to Financial Statements 5

Independent Auditors' Compliance Report with TAMC Ordinance No. 2016-01 and amended Ordinance No. 2019-01 –
Transportation Safety and Investment Plan..... 6

Independent Auditors' 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*..... 9



INDEPENDENT AUDITORS' REPORT

Board of Supervisors
County of Monterey, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Measure X Activity of the County of Monterey (the County), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County of Monterey – Measure X's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure X Activity of the County as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Measure X Activity of the County are intended to present the financial position, and the changes in financial position of only that portion of the County that is attributable to the transactions of the Measure X Activity of the County. They do not purport to, and do not, present fairly the financial position of the County as of June 30, 2023, the changes in its financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County of Monterey's internal control as it relates to the Measure X Activity. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2023 on our consideration of the County'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Roseville, California
December 19, 2023

County of Monterey
MEASURE X ACTIVITY
BALANCE SHEET
JUNE 30, 2023

ASSETS

Cash and investments	<u>\$ 11,772,142</u>
----------------------	----------------------

FUND BALANCE

Restricted	<u>11,772,142</u>
------------	-------------------

Total Fund Balance	<u>\$ 11,772,142</u>
--------------------	----------------------

County of Monterey

MEASURE X ACTIVITY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2023

REVENUES

Transportation Safety and Investment Plan Account revenue	\$ 9,804,275
Use of money and property	<u>221,749</u>
Total revenues	<u>10,026,024</u>

EXPENDITURES

Streets and roads maintenance	<u>19,336,157</u>
Total Expenditures	<u>19,336,157</u>
Excess of revenues over expenditures	(9,310,133)
Fund balance, beginning of fiscal year	<u>21,082,275</u>
Fund balance, end of fiscal year	<u><u>\$ 11,772,142</u></u>

See accompanying Notes to the Financial Statements

COUNTY OF MONTEREY
MEASURE X ACTIVITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Measure X Activity (Activity) of the County of Monterey are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units (GAAP). The Activity's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Reporting Entity

The County of Monterey receives Measure X funding from the Transportation Agency for Monterey County for the purpose of street and road infrastructure improvements. The financial statements present only the Measure X Activity of the County of Monterey and do not purport to, and do not present, the County's financial position and changes in financial position. The County of Monterey's basic financial statements are available from the Auditor-Controller at www.co.monterey.ca.us/auditor.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Measure X Activity of the County of Monterey is presented as a governmental fund type. Governmental funds are accounted for using a current financial resources measurement focus. The application of this measurement focus provides that, in general, only current assets and current liabilities are present on the balance sheet. Operating statements of these funds present revenues and expenditures.

The modified accrual basis of accounting is used for the activity. Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual (i.e., both measurable and available). Measurable means that the amount of the transaction can be determined. Available means the funds are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures of governmental funds are generally recognized when the related fund liability is incurred.

NOTE 2 – CASH DEPOSITS

The County follows the practice of pooling cash and investments for all funds under its direct daily control. Interest earned on pooled cash and investments is allocated periodically to the Activity based on average cash balances. Detailed disclosure regarding the County's investments of cash is included in the notes to financial statements of the County.

NOTE 3 – MAINTENANCE OF EFFORT

The Measure X Master Programs Funding Agreement between the County of Monterey and the Transportation Agency for Monterey County, as amended, along with Ordinance No. 2016-01 and 2019-01, required that the County must expend each fiscal year from its General fund for street and highway purposes an amount not less than the annual average of its expenditures from its general fund during the 2009-10, 2010-11, 2011-12 fiscal years, but not less than what was expended in 2016-17 (when Measure X was passed) as reported to the Controller pursuant to Streets and Highways Code section 2151 ("Maintenance of Effort"). This baseline amount will be indexed annually based upon the Engineering News Record construction index. The County General Fund provides an annual contribution to the Road Fund to meet the requirement. For purposes of this calculation, the General Fund annual contribution for the noted years will be used.

Maintenance of Effort: \$5,809,574

Total expenditures from the General fund for street and highway purposes for the fiscal year ended June 30, 2023 was \$5,809,574. The County was in compliance with the Maintenance of Effort requirement of the Measure X Master Programs Funding Agreement and Amendment No. 1 between the County of Monterey and the Transportation Agency for Monterey County.



**INDEPENDENT AUDITORS' COMPLIANCE REPORT WITH
TAMC ORDINANCE NO. 2016-01 AND AMENDED ORDINANCE NO. 2019-01
TRANSPORTATION SAFETY AND INVESTMENT PLAN**

Board of Supervisors
County of Monterey, California

Report on Compliance

Opinion on Measure X Activity

We have audited Measure X Activity of the County of Monterey's (the County) compliance with the types of compliance requirements described in the Transportation Agency for Monterey County's (TAMC) Ordinance No. 2016-01, the amended Ordinance No. 2019-01, and in the Measure X Master Programs Funding Agreement between TAMC and the County of Monterey applicable for the fiscal year ended June 30, 2023.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that are applicable to Measure X Activity for the year ended June 30, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and the TAMC Ordinance No. 2016-01, and the amended Ordinance 2019-01 and Measure X Master Programs Funding Agreement. Our responsibilities under those standards and TAMC Ordinance No. 2016-01, the amended Ordinance No. 2019-01 and the Measure X Master Programs Funding Agreement are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's government programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards and TAMC Ordinance No. 2016-01, the amended Ordinance No. 2019-01, and in the Measure X Master Programs Funding Agreement will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and TAMC Ordinance No. 2016-01, the amended Ordinance No. 2019-01, and in the Measure X Master Programs Funding Agreement, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with TAMC Ordinance No. 2016-01, the amended Ordinance No. 2019-01, and in the Measure X Master Programs Funding Agreement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the “Auditor’s Responsibilities for the Audit of Compliance” section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on TAMC Ordinance No. 2016-01, the amended Ordinance No. 2019-01, and in the Measure X Master Programs Funding Agreement. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Roseville, California
December 19, 2023



**INDEPENDENT AUDITORS' 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 Supervisors
County of Monterey, 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 Measure X Activity of the County of Monterey, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Measure X Activity of the County of Monterey's basic financial statements, and have issued our report thereon dated December 19, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing 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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

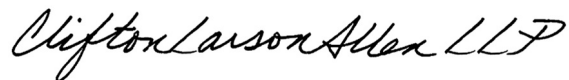
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Measure X Activity’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.



CliftonLarsonAllen LLP

Roseville, California
December 19, 2023



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.