



COUNTY OF MONTEREY

**TRANSPORTATION DEVELOPMENT
ACT FUND**

WITH INDEPENDENT AUDITORS' REPORT

JUNE 30, 2016

**SEGREGATED BY SECTIONS 99234 and 99400(a)
OF THE PUBLIC UTILITIES CODE**

COUNTY OF MONTEREY
TRANSPORTATION DEVELOPMENT ACT FUNDS
SECTIONS 99234 and 99400(a) OF THE PUBLIC UTILITIES CODE
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June 30, 2016

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INDEPENDENT AUDITORS' REPORT

Board of Supervisors
County of Monterey
Salinas, California

We have audited the accompanying financial statements of the County of Monterey Transportation Development Act Fund, as of and for the fiscal year ended June 30, 2016, and the related notes to the 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 an opinion 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 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the County of Monterey Transportation Development Act Fund, as of June 30, 2016, and the changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Transportation Development Act Fund and do not purport to, and do not, present fairly the financial position of the County of Monterey, as of June 30, 2016, the changes in its financial position, or, where applicable, its cash flows for the fiscal 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.

Moss, Levy & Hartzheim LLP

Santa Maria, California
October 25, 2016

COUNTY OF MONTEREY
 TRANSPORTATION DEVELOPMENT ACT FUND
 SECTIONS 99234 and 99400(a) OF THE PUBLIC UTILITIES CODE
 BALANCE SHEET
 June 30, 2016

	<u>99234</u>	<u>99400(a)</u>	<u>Total</u>
ASSETS			
Cash	\$ -	\$ -	\$ -
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Fund Balance:			
Restricted for road and bike pathway construction	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

COUNTY OF MONTEREY
TRANSPORTATION DEVELOPMENT ACT FUND
SECTIONS 99234 and 99400(a) OF THE PUBLIC UTILITIES CODE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2016

	<u>99234</u>	<u>99400(a)</u>	<u>Total</u>
Revenues:			
Local transportation funds	\$ 382,266	\$ -	\$ 382,266
Total revenues	<u>382,266</u>		<u>382,266</u>
Expenditures:			
Bike and pathway	<u>382,266</u>		<u>382,266</u>
Total expenditures	<u>382,266</u>		<u>382,266</u>
Excess (deficit) revenues over expenditures			
Fund balance, beginning of fiscal year	<u> </u>	<u> </u>	<u> </u>
Fund balance, end of fiscal year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

COUNTY OF MONTEREY
TRANSPORTATION DEVELOPMENT ACT FUNDS
SECTIONS 99234 and 99400(a) OF THE PUBLIC UTILITIES CODE
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Transportation Development Act Fund allocated for non-transit purposes of the County of Monterey (the County) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

A. The Reporting Entity

The financial statements are intended to present the financial position and results of the operations of only those transactions attributable to the Transportation Development Act Fund allocated for non-transit purposes of the County of Monterey. The County of Monterey's basic financial statements are available from the Office of the Auditor-Controller at 168 W. Alisal Street, Salinas, CA 93901.

B. Fund Accounting

The County of Monterey uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn is divided into separate "fund types". The County utilizes the special revenue fund type of the governmental fund category to report its financial activity of the Transportation Development Act Fund.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursements of earmarked monies (special revenue funds), the acquisition or construction of capital assets (capital projects funds), and the servicing of long-term debt (debt service funds).

The general fund is used to account for all activities of the general government not accounted for in other funds.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when related fund liability is incurred.

D. Cash

The County of Monterey maintains a cash and investment pool and allocates interest to the various funds based upon the average monthly cash balances. Information regarding categorization of investments can be found in the County of Monterey's Basic Financial Statements.



Moss, Levy & Hartzheim LLP

Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON
TRANSPORTATION DEVELOPMENT ACT COMPLIANCE**

Board of Supervisors
County of Monterey
Salinas, California

We have audited the financial statements of the County of Monterey Transportation Development Act Fund's (the County) compliance with the types of compliance requirements described in the *Transportation Development Act Guidebook*, published by the State of California Department of Transportation applicable for the fiscal year ended June 30, 2016.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the Transportation Development Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the County's compliance based on our audit of the compliance with applicable statutes, rules and regulations of the Transportation Development Act (TDA), Section 99234, the California Code of Regulations (CCR), and the allocation instructions and resolutions of Transportation Agency of Monterey County as required by Section 6666 of the CCR. Section 6666 requires that for a non-transit claimant, the independent auditor shall perform at least the following tasks: (a) Determine whether the funds received by the claimant pursuant to the Act were expended in conformance with those sections of the Act specifying the qualified purposes, including Public Utilities Code section 99402 for streets and roads claimants and section 99233.3 for claimants under that section for pedestrian and bicycle facilities and bicycle safety education programs, (b) Determine whether the funds received by the claimant pursuant to the Act were expended in conformance with the applicable rules, regulations, and procedures of the transportation-planning agency and in compliance with the allocation instructions, and (c) Determine whether interest earned on funds received by the claimant pursuant to the Act were expended only for those purposes for which the funds were allocated, in accordance with Public Utilities Code sections 99301 and 99301.5. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Transportation Development Act Guidebook*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state laws and regulations applicable to the County occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Compliance with the Transportation Development Act

In our opinion, the funds allocated to and received by the County of Monterey Transportation Development Act Fund, complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements of the Transportation Development Act and the allocation instructions and resolutions of Transportation Agency of Monterey County for the fiscal year ended June 30, 2016.

This report is intended solely for the information and use of Board of Supervisors, management of the Transportation Agency of Monterey County and for filing with the appropriate regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hultgreen LLP

Santa Maria, California

October 25, 2016