

**COUNTY OF TUOLUMNE
NON-TRANSIT TRANSPORTATION
DEVELOPMENT ACT ACTIVITIES**

Independent Auditor's Reports
and Financial Statements

For the Year Ended June 30, 2018



Certified
Public
Accountants

COUNTY OF TUOLUMNE
NON-TRANSIT TRANSPORTATION DEVELOPMENT ACT ACTIVITIES
For the Year Ended June 30, 2018

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Independent Auditor's Report

To the Tuolumne County
Transportation Council and
the Board of Supervisors and Grand
Jury of the County of Tuolumne
Sonora, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Non-Transit Transportation Development Act (TDA) Activities of the County of Tuolumne (County), California, as of and for the year ended June 30, 2018, 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 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 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 Non-Transit TDA Activities of the County, as of June 30, 2018, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A, the financial statements present only the Non-Transit TDA Activities of the County and do not purport to, and do not, present fairly the financial position of the County or the County's Roads Fund or Road Construction Fund as of June 30, 2018, and the changes in 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.

Other Reporting Required by *Government Auditing Standards* and the California Transportation Development Act

In accordance with *Government Auditing Standards* and the California Transportation Development Act, we have also issued our report dated November 19, 2018, 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, as it relates to the Non-Transit TDA Activities. 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, as it relates to the Non-Transit TDA Activities. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the California Transportation Development Act in considering the County's internal control over financial reporting and compliance, as it relates to the Non-Transit TDA Activities.


Sacramento, California
November 19, 2018

COUNTY OF TUOLUMNE
NON-TRANSIT TRANSPORTATION DEVELOPMENT ACT ACTIVITIES
Balance Sheet
June 30, 2018

Assets

Due from Tuolumne County Transportation Council	<u>\$ 304,489</u>
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Liabilities

Due to non-TDA activities of the County Roads Fund	<u>\$ 304,489</u>
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The notes to the financial statements are an integral part of this statement.

COUNTY OF TUOLUMNE
NON-TRANSIT TRANSPORTATION DEVELOPMENT ACT ACTIVITIES
Statement of Revenues, Expenditures and Change in Fund Balance
For the Year Ended June 30, 2018

Revenues	
Local Transportation Funds	\$ 315,656
Regional surface transportation program	<u>211,102</u>
Total revenues	<u>526,758</u>
 Expenditures	
Streets and roads	315,656
Regional surface transportation program	<u>211,102</u>
Total expenditures	<u>526,758</u>
 Change in fund balance	 -
Fund balance - beginning of year	<u>-</u>
Fund balance - end of year	<u><u>\$ -</u></u>

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

COUNTY OF TUOLUMNE
NON-TRANSIT TRANSPORTATION DEVELOPMENT ACT ACTIVITIES
Notes to the Financial Statements
For the Year Ended June 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Reporting Entity

The financial statements of the Non-Transit Transportation Development Act (TDA) Activities of the County of Tuolumne (County) only account for funds received by the County under the TDA for streets and roads activities, bicycle and pedestrian projects, and the Regional Surface Transportation Program (RSTP), all of which are received as allocated by the Tuolumne County Transportation Council. The County's streets and roads activities are generally accounted for in the County's Roads Fund. The County's RSTP activities are accounted for in both the County's Roads Fund and Road Construction Fund. The Roads Fund and Road Construction Fund are included in the basic financial statements of the County. These financial statements are intended to present only the financial position and changes in financial position of the Non-Transit TDA Activities of the County. They do not present fairly the financial position and changes in financial position of the County or the County's Roads Fund or Road Construction Fund in conformity with accounting principles generally accepted in the United States of America.

The accounting policies of the Non-Transit TDA Activities conform to accounting principles generally accepted in the United States of America as they are applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies reflected in the financial statements are summarized below.

Basis of Presentation and Accounting/Measurement Focus

The activities of the Roads Fund are recorded in a special revenue fund and accounted for using the modified accrual basis of accounting. Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The activities of the Road Construction Fund are recorded in a capital projects fund and also accounted for using the modified accrual basis of accounting. Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. 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 60 days after year-end. Expenditures of governmental funds are generally recognized when the related fund liability is incurred.

COUNTY OF TUOLUMNE
NON-TRANSIT TRANSPORTATION DEVELOPMENT ACT ACTIVITIES
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Control

The County adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America. Any amendments are adopted by the Board of Supervisors. The legal level of budgetary control (level at which expenditures may not exceed budget) is at the fund level for the Roads Fund and the Road Construction Fund. As the Roads Fund and the Road Construction Fund are not entirely presented for the Non-Transit TDA Activities, budgetary schedules are not presented.

Cash

The County follows the practice of pooling cash and investments for all funds (including the Roads Fund and the Road Construction Fund) under its direct daily control. Investment earnings on pooled cash and investments are allocated periodically to the County's various funds based on average daily cash balances. Detailed disclosures, including investment policies and associated risk policies, regarding the County's cash and investments are included in the notes to the basic financial statements of the County. The Non-Transit TDA Activities had a cash balance of \$0 as of June 30, 2018.

NOTE B – COMPLIANCE REQUIREMENTS OF LOCAL TRANSPORTATION FUNDS

The TDA is defined at Chapter 4 of the California Public Utilities Code commencing with Section 99200. Funds received pursuant to Section 99400(a) may only be used for local streets and roads. Pursuant to Section 99402, claims for streets and roads may include those purposes necessary and convenient to the development, construction, and maintenance of the County's streets and highways network, including planning and contributions to the transportation planning process, acquisition of real property, and construction of facilities and buildings. TDA funds are apportioned, allocated and paid in accordance with allocation instructions from the Tuolumne County Transportation Council.

OTHER REPORT



**Independent Auditor’s Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards*
and the California Transportation Development Act**

To the Tuolumne County
Transportation Council and
the Board of Supervisors and Grand
Jury of the County of Tuolumne
Sonora, California

We have audited, 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, the financial statements of the Non-Transit TDA Activities of the County of Tuolumne (County), California, as of and for the year ended June 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated November 19, 2018.

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 as it relates to the Non-Transit TDA Activities (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements of its Non-Transit TDA Activities are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the applicable statutes, rules, and regulations of the California Transportation Development Act and the allocation instructions and resolutions of the Tuolumne County Transportation Council as required by Section 6666 of Title 21, Division 3, Chapter 2, Article 5.5 of the California Code of Regulations, 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* or the California Transportation Development Act.

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* and the California Transportation Development Act in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Macias Gini & O'Connell LLP

Sacramento, California
November 19, 2018