

**Town of Truckee Transit Fund
and RSTP and PTIMISEA Expenditure Reports**

Truckee, California

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORTS

June 30, 2016 and 2015



Town of Truckee Transit Fund

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INDEPENDENT AUDITORS' REPORT

To the Town Council
Town of Truckee, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Transit Fund of the Town of Truckee (the Town), as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Town's 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 audits 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 auditors' 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 Town'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 Town'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.

INDEPENDENT AUDITORS' REPORT

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Transit Fund of the Town of Truckee, as of June 30, 2016 and 2015, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

As discussed in note 1, the financial statements present only the Transit Fund and do not purport to, and do not, present fairly the financial position of the Town of Truckee, as of June 30, 2016 and 2015, and the changes in its financial position and cash flows for the years 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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2017, on our consideration of the Town's internal control over financial reporting as it relates to the Transit Fund and 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 Town's internal control over financial reporting and compliance as it relates to the Transit Fund.

Aiello, Goodrich & Teuscher

February 2, 2017

Aiello, Goodrich & Teuscher

An Accountancy Corporation

Redding, California

FINANCIAL SECTION

Town of Truckee Transit Fund
STATEMENTS OF NET POSITION

June 30	2016	2015
ASSETS AND DEFERRED OUTFLOWS		
Current Assets		
Cash and cash equivalents	\$ 233,237	\$ 83,861
Accounts receivable	42	3,370
Due from other agencies	321,703	155,447
Deposits on capital assets	68,172	68,172
Total Current Assets	623,154	310,850
Noncurrent Assets		
Depreciable capital assets - net	462,896	276,658
Total Noncurrent Assets	462,896	276,658
Total Assets	1,086,050	587,508
Deferred outflows of Resources		
Deferred outflows from pensions	20,945	12,924
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 1,106,995	\$ 600,432
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
Current Liabilities		
Accounts payable	\$ 310,593	\$ 41,454
Due to other agencies	141,010	99,471
Compensated absences - current	6,611	4,911
Unearned revenue	85,423	82,575
Total Current Liabilities	543,637	228,411
Noncurrent Liabilities		
Net pension liability	59,866	52,815
Compensated absences - net	11,563	14,267
Total Noncurrent Liabilities	71,429	67,082
Total Liabilities	615,066	295,493
Deferred Inflows of Resources		
Deferred inflows from pensions	22,612	23,757
Net Position		
Net investment in capital assets	462,896	276,658
Unrestricted	6,421	4,524
Total Net Position	469,317	281,182
TOTAL LIABILITIES AND NET POSITION	\$ 1,106,995	\$ 600,432

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

Town of Truckee Transit Fund

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Years Ended June 30	2016	2015
Operating Revenues		
Passenger fares and private contributions	\$ 173,774	\$ 168,467
Total Operating Revenues	173,774	168,467
Operating Expenses		
Salaries and benefits	145,639	137,688
Professional services	666,296	561,822
Maintenance and fuel	98,638	140,414
Office expense	23,101	7,849
Depreciation	45,714	56,165
Total Operating Expenses	979,388	903,938
Operating (Loss)	(805,614)	(735,471)
Nonoperating Revenues (Expenses)		
Local Transportation funds	295,065	440,016
State Transit Assistance funds	63,167	70,391
Operating grants	354,823	170,925
Interest	170	208
Total Nonoperating Revenues (Expenses)	713,225	681,540
(Loss) Before Capital Contributions and Transfers	(92,389)	(53,931)
Capital contributions	241,074	68,172
Transfers in	39,450	-
Change in Net Position	188,135	14,241
Total Net Position - Beginning of Year (As Originally Reported)	281,182	332,823
Cumulative Effect of Change in Accounting Principle	-	(65,882)
Total Net Position - Beginning of Year (As Restated)	281,182	266,941
Total Net Position - End of Year	\$ 469,317	\$ 281,182

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

Town of Truckee Transit Fund
STATEMENTS OF CASH FLOWS

Years Ended June 30	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 177,102	\$ 174,004
Payments to employees	(148,758)	(141,785)
Payments to suppliers	(477,358)	(593,014)
Net Cash (Used) By Operating Activities	(449,014)	(560,795)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Local Transportation Funds allocations	321,909	490,096
State Transit Assistance allocation	50,967	51,871
Federal, State, and Local Grants	176,771	39,451
Operating Transfers In	39,450	-
Net Cash Provided By Noncapital Financing Activities	589,097	581,418
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Grant revenues used to purchase capital assets	241,075	68,172
Deposits paid on capital asset purchases	(231,952)	(68,172)
Net Cash Provided By Capital Financing Activities	9,123	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings on investments	170	208
Net Cash Provided By Investing Activities	170	208
Net Change in Cash and Cash Equivalents	149,376	20,831
Cash and Cash Equivalents - Beginning of Year	83,861	63,030
Cash and Cash Equivalents - End of Year	\$ 233,237	\$ 83,861
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES		
Operating (loss)	\$ (805,614)	\$ (735,471)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:		
Depreciation	45,713	56,165
Changes in assets and liabilities:		
Accounts receivable	3,328	5,537
Deferred outflows from pensions	1,373	184
Accounts payable	269,139	17,600
Due to other agencies	41,539	99,471
Net pension liability	7,051	(26,175)
Compensated absences	(1,004)	868
Deferred inflows from pensions	(10,539)	23,757
Net Cash (Used) By Operating Activities	\$ (449,014)	\$ (558,064)

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

Town of Truckee Transit Fund

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Transit Fund of the Town of Truckee (the Town), California, have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies are described below.

Reporting Entity The Transit Fund receives allocations from the Nevada County Transportation Commission (the Commission) to operate the public transit services.

The financial statements are intended to reflect the financial position, results of operations, cash flows, and compliance of the Transit Fund with the laws, rules, and regulations of the Transportation Development Act (the TDA). They do not present the financial position of the Town as of June 30, 2016 and 2015, and the changes in its financial position and cash flows, thereof, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation The accounts of the Transit Fund are organized and operated on the fund accounting basis and the fund is considered to be a separate accounting entity. The operations of the Transit Fund are accounted for with a separate set of self-balancing accounts that comprise the Transit Fund's assets, liabilities, net position, revenues, and expenses.

Measurement Focus and Basis of Accounting The Town's Transit Fund is recorded in an enterprise fund. Enterprise funds are used to account for activities similar to those found in the private sector, in which a fee is charged to external users for goods and services. Enterprise funds are accounted for using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned and expenses are recognized in the period incurred.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the Transit Fund are charges to customers for services, including the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Grants Grant revenues and receivables are recorded when all eligibility requirements have been met. Grant sources include Local Transportation Fund (LTF) and State Transit Assistance (STA). LTF and STA were created by the State Legislature under the Transportation Development Act.

Cash and Cash Equivalents The Transit Fund follows the cash and investment policies of the Town. The Transit Fund is unable to determine the composition of its cash and cash equivalents. Detailed disclosures, including investment policies and associated risk policies, regarding the Town's cash and cash equivalents can be found in the Town's June 30, 2016 and 2015, basic financial statements. For purposes of the statements of cash flows, the Town considers all cash in the Transit Fund to be cash and cash equivalents.

Town of Truckee Transit Fund
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Accounts Receivable and Due from Other Agencies Receivables consist mostly of amounts due from other governmental agencies for operating and capital grants. Management believes its receivables to be fully collectible and, accordingly, no allowance for doubtful accounts has been recorded.

Capital Assets All capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Contributed capital assets are valued at their estimated fair market value on the date of contribution. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from seven to twenty years.

Deferred Outflows/Inflows of Resources In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) which will only be recognized as an outflow of resources (expense/expenditures) in the future. A portion of the change in proportion and differences between Town contributions and proportionate share of contributions, and Town contributions subsequent to the measurement date related to pension plans, are reported as deferred outflows of resources. Town contributions subsequent to the measurement date will be amortized during the next fiscal year as provided by accounting pronouncement GASB Statement No. 71. The change in proportion and differences between Town contributions and proportionate share of contributions is amortized over the estimated service lives of the pension plan participants.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and would only be recognized as an inflow of resources (revenue) at that time. The Town's proportionate share of the net difference between projected and actual earnings on pension plan investments is reported as deferred inflows of resources. A portion of the change in proportion and differences between Town contributions and proportionate share of contributions is reported as deferred inflows of resources. The amount of deferred inflows resulting from differences between projected and actual earnings will be amortized over a five year period. The change in proportion and differences between Town contributions and proportionate share of contributions is amortized over the estimated service lives of the pension plan participants.

Compensated Absences The Town's policy is to permit employees to accumulate a limited amount of earned but unused vacation, sick leave, and personal leave, which will be paid to employees upon separation from Town service. The cost of vacation, sick leave, and personal leave is recorded in the period accrued.

Unearned Revenues Unearned revenues arise when resources are received by the Transit Fund before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the Transit Fund has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Town of Truckee Transit Fund
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Net Position The Transit Fund’s net position is classified as follows:

Net Investment in Capital Assets: This represents the Transit Fund’s total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted Net Position: This category represents the net position that is not accessible for general use because its use is subject to restrictions enforceable by third parties. At June 30, 2016, the Transit Fund did not have any net position reported as restricted.

Unrestricted Net Position: This category represents net position of the Transit Fund that is available for general use.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the Town considers restricted funds to have been spent first.

Risk Management The Transit Fund is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in various risk management programs to cover these losses. In addition, the Town utilizes a purchased transit provider who provides for the insurance coverage for risks of loss due to transit operations.

Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

2. CAPITAL ASSETS

A summary of changes in capital assets for the Transit Fund are as follows:

	Balance					Balance	
	July 1, 2015	Additions	Deletions	Transfer		June 30, 2016	
Depreciable Capital Assets							
Building and structures	\$ 356,994	\$ -	\$ -	\$ -	\$ -	\$ 356,994	
Vehicles and equipment	416,465	231,952	-	-	-	648,417	
Total Depreciable Capital Assets	773,459	231,952	-	-	-	1,005,411	
Accumulated Depreciation							
Building and structures	(110,728)	(17,148)	-	-	-	(127,876)	
Vehicles and equipment	(386,073)	(28,566)	-	-	-	(414,639)	
Total Accumulated Depreciation	(496,801)	(45,714)	-	-	-	(542,515)	
Net Depreciable Capital Assets	276,658	186,238	-	-	-	462,896	
Total Capital Assets	\$ 276,658	\$ 186,238	\$ -	\$ -	\$ -	\$ 462,896	

Town of Truckee Transit Fund
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

	Balance				Balance	
	July 1, 2014	Additions	Deletions	Transfer	June 30, 2015	
Depreciable Capital Assets						
Building and structures	\$ 356,994	\$ -	\$ -	\$ -	\$ 356,994	
Vehicles and equipment	416,465	-	-	-	416,465	
Total Depreciable Capital Assets	773,459	-	-	-	773,459	
Accumulated Depreciation						
Building and structures	(93,581)	(17,147)	-	-	(110,728)	
Vehicles and equipment	(347,055)	(39,018)	-	-	(386,073)	
Total Accumulated Depreciation	(440,636)	(56,165)	-	-	(496,801)	
Net Depreciable Capital Assets	332,823	(56,165)	-	-	276,658	
Total Capital Assets	\$ 332,823	\$ (56,165)	\$ -	\$ -	\$ 276,658	

Depreciation expense for the years ended June 30, 2016 and 2015, was \$45,714 and \$56,165.

3. COMPLIANCE REQUIREMENTS OF LOCAL TRANSPORTATION FUND

The TDA is defined at Chapter 4 of the *California Public Utilities Code* commencing with Section 99200. Funds received pursuant to Section 99260 of the TDA (Article 4) may only be used for specific purposes including the support of public transportation systems. Article 4 funds are the primary funding source for the Transit Fund. TDA funds are apportioned, allocated, and paid in accordance with allocation instructions from the Commission for specific transportation purposes.

The Transit Fund is subject to the provision of Section 6633.2 of Title 21, Division 3, Chapter 2, Article 4 of the *California Code of Regulations* requiring the calculation and adherence of fare and local support ratios for TDA transit funding. Accordingly, the Transit Fund must maintain a ratio equaling or exceeding 10%. The Transit Fund's fare ratio of operating revenues to operating expenses, as calculated below, indicates the Transit Fund was in compliance with the provisions of the TDA for the fiscal years ended June 30, 2016 and 2015. The fare ratio calculations are as follows:

June 30	2016	2015
Fare revenues	\$ 173,774	\$ 168,467
Operating expenses	\$ 979,388	\$ 903,938
Less: Depreciation	(45,714)	(56,165)
Applicable Operating Expenses	\$ 933,674	\$ 847,773
Actual Fare Ratio	18.61%	19.87%

Town of Truckee Transit Fund
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

4. UNEARNED REVENUE

The Commission allocates monies to the Transit Fund to support transit operations. LTF allocations are considered earned when they are properly spent for operations by the transit system. Allocations received but not earned are recorded as unearned revenue. In addition, other revenue sources often provide funds that have not been earned. At June 30, 2016 and 2015, the Transit Fund had allocations that had been received but not earned as follows:

	LTF	Other Grants	Total
Unearned Revenue - July 1, 2014	\$ 27,042	\$	27,042
Allocations	474,009	-	474,009
Maximum eligibility (Operating Expenses)	(418,476)		(418,476)
Unearned Revenue - June 30, 2015	82,575	-	82,575
Allocations	294,310	3,603	297,913
Maximum eligibility (Operating Expenses)	(295,065)	-	(295,065)
Unearned Revenue - June 30, 2016	\$ 81,820	\$ 3,603	\$ 85,423

Allocations in excess of the maximum eligible amounts for LTF are recorded as unearned revenue. Maximum eligibility for operation LTF allocations was determined as follows:

June 30	2016	2015
Operating expenses	979,388	903,938
Adjustments:		
Depreciation	(45,714)	(56,165)
Fare revenues and private contributions	(173,774)	(168,467)
STA allocation	(63,167)	(70,391)
Operating grants	(354,823)	(192,465)
Interest revenues	(170)	(208)
Other	(46,675)	2,234
Maximum Eligibility	\$ 295,065	\$ 418,476

5. EMPLOYEE RETIREMENT PLAN

The Town contributes to the California Public Employees Retirement system (CalPERS), a cost-sharing, multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Information regarding the Town's CalPERS retirement plan is available in the Town's comprehensive annual financial report. As a fund of the Town, the Transit Fund makes contributions towards the employee retirement plan and reports a portion of the net pension liability.

Town of Truckee Transit Fund
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

6. COMPENSATED ABSENCES

The following is a summary of the compensated absences liability for the Transit Fund:

	Balance			Balance			Amounts
	July 1, 2015	Additions	Deletions	June 30, 2016			Due Within
							One Year
Business-Type Activities:							
Compensated absences	\$ 19,178	\$ 11,501	\$ (12,505)	\$ 18,174	\$		6,611

	Balance			Balance			Amounts
	July 1, 2014	Additions	Deletions	June 30, 2015			Due Within
							One Year
Business-Type Activities:							
Compensated absences	\$ 18,310	\$ 8,169	\$ (7,301)	\$ 19,178	\$		4,911

7. CONTINGENT LIABILITIES

The Transit Fund receives a significant portion of their revenues from the State of California (passed through the Commission). Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the state government. Any disallowed claims, including amounts already collected, may constitute a liability of the Transit Fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although management expects such amounts, if any, would be immaterial.

8. PRIOR PERIOD ADJUSTMENT

Net position as of July 1, 2013, was restated due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* as follows:

Net Position - as Previously Reported, June 30, 2014	\$ 332,823
Cumulative Effect of Change in Accounting Principles	
Net pension liability (measurement date as of June 30, 2014)	(78,990)
Deferred Outflows	
Pension contributions made during fiscal year 2014-15	13,108
Cumulative Effect of Change in Account Principles	(65,882)
Net position - as restated, June 30, 2014	\$ 266,941

Town of Truckee Transit Fund

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The effect of this change on the Statement of Activities and the Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds for the year ended June 30, 2014 could not be determined. The effect on the year ended June 30, 2015 was immaterial.

COMPLIANCE SECTION



**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***

To the Town Council
Town of Truckee, 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 Transit Fund of the Town of Truckee (the Town) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Transit Fund's basic financial statements, and have issued our report thereon dated February 2, 2017. The financial statements present only the Transit Fund, and do not purport to, and do not present fairly the financial position of the Town as of June 30, 2016, and the changes in its financial position and cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as it relates to the Transit Fund 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 Town's internal control as it relates to the Transit Fund. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control as it relates to the Transit Fund.

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

**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***

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Transit Fund'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*.

In connection with our audit referred to above, we also performed an audit for compliance with the Transportation Development Act, the *California Code of Regulations*, and the rules and regulations and allocation instructions of the Nevada County Transportation Commission, for the year ended June 30, 2016. In connection with our audit, we performed to the extent applicable, the compliance audit tasks set forth in Section 6667 of the *California Code of Regulations*. The results of performing the tasks specified in Section 6667 disclosed no instances of noncompliance with the applicable statutes, rules, and regulations of the Act, and the allocation instructions and resolutions of the Nevada County Transportation Commission. In our opinion, the funds allocated to and received by the Transit Fund for the year ended June 30, 2016, pursuant to the Transportation Development Act, were accounted for and expended in conformance with the Transportation Development Act, the *California Code of Regulations*, and the rules and regulations and allocation instructions of the Nevada County Transportation Commission.

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 to express an opinion on the compliance of the Transit Fund with the Transportation Development Act, the *California Code of Regulations*, and the rules and regulations and allocation instructions of the Nevada County Transportation Commission, and not to provide an opinion on the effectiveness of the Transit Fund's internal control or on other compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Transit Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Aiello, Goodrich & Teuscher

February 2, 2017
Aiello, Goodrich & Teuscher
An Accountancy Corporation
Redding, California

**INDEPENDENT AUDITORS' REPORT ON REGIONAL SURFACE
TRANSPORTATION PROGRAM (RSTP) FUNDS EXPENDED**

To the Town Council
Town of Truckee, California

Compliance

We have audited the expenditure of The Town of Truckee's (the Town) Regional Surface Transportation Program (RSTP) funds for the year ended June 30, 2016, which were allocated to the County by the Nevada County Transportation Commission (the Commission).

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of the Town's management.

Auditors' Responsibility

Our responsibility is to express an opinion on whether or not the Town spent the RSTP funds in accordance with the agreement set forth between the Commission and the Town based on our audit.

During the fiscal year ended June 30, 2016, the Town received RSTP funds of \$686,231 from the Commission for the purpose of street and road improvements. As of June 30, 2016, RSTP funds received and expended were as follows:

Proceeds Received - Year Ended June 30, 2016		
RSTP	\$	686,231
Expenditures incurred:		
Brickelltown Improvements Project		686,231
Total Expenditures Incurred		686,231
Unexpended Proceeds - June 30, 2016	\$	-

Opinion

In our opinion, the Town expended the funds in accordance with the agreement set forth between the Commission and the Town, in all material respects, for the year ended June 30, 2016.

**INDEPENDENT AUDITORS' REPORT ON REGIONAL SURFACE
TRANSPORTATION PROGRAM (RSTP) FUNDS EXPENDITURE**

(Continued)

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of the RSTP funds and the results of that testing based on the agreement with the Commission. Accordingly, this report is not suitable for any other purpose.

Aiello, Goodrich & Teuscher

February 2, 2017

Aiello, Goodrich & Teuscher

An Accountancy Corporation

Redding, California

**INDEPENDENT AUDITORS' REPORT ON PUBLIC TRANSPORTATION
MODERNIZATION IMPROVEMENT AND SERVICE ENHANCEMENT
ACCOUNT (PTMISEA) GRANT**

To the Town Council
Town of Truckee, California

Compliance

We have audited the expenditure of the Town of Truckee's (the Town) Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA) funds for the year ended June 30, 2016, which were allocated to the Town by the Nevada County Transportation Commission (the Commission).

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of the Town's management.

Auditors' Responsibility

Our responsibility is to express an opinion on whether or not the Town spent the PTMISEA funds in accordance with the agreement set forth by the Commission based on our audit.

During the fiscal year ended June 30, 2016, the Town received PTMISEA proceeds of \$231,734 for the purpose of procuring new transit vehicles. As of June 30, 2016, PTMISEA funds received and expended were as follows:

Beginning Balance	\$	-
Proceeds received:		
PTMISEA		231,734
Expenditures incurred:		
Vehicle procurement		(231,734)
Unexpended Proceeds	\$	-

Opinion

In our opinion, the Town expended the PTMISEA funds in accordance with the agreement set forth by the Commission, in all material respects, for the year ended June 30, 2016.

**INDEPENDENT AUDITORS' REPORT ON PUBLIC TRANSPORTATION
MODERNIZATION IMPROVEMENT AND SERVICE ENHANCEMENT
ACCOUNT (PTMISEA) GRANT**

(Continued)

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of the PTIMSEA funds and the results of that testing based on the agreement with the Commission. Accordingly, this report is not suitable for any other purpose.

Aiello, Goodrich & Teuscher

February 2, 2017

Aiello, Goodrich & Teuscher
An Accountancy Corporation
Redding, California

Town of Truckee Transit Fund
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2016

CURRENT YEAR FINDINGS AND RESPONSES

None

PRIOR YEAR FINDINGS AND RESPONSES

None