

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

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORTS

June 30, 2017 and 2016



# Town of Truckee Transit Fund

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June 30, 2017 and 2016

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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, 2017 and 2016, 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, 2017 and 2016, 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**

**Emphasis of 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, 2017 and 2016, 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 20, 2018, 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.



February 20, 2018  
Aiello, Goodrich & Teuscher  
An Accountancy Corporation  
Redding, California

## **FINANCIAL SECTION**

**Town of Truckee Transit Fund**  
**STATEMENTS OF NET POSITION**

June 30	2017	2016
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ -	\$ 233,237
Accounts receivable	9,246	42
Due from other agencies	414,237	321,703
Deposits on capital assets	-	4,995
<b>Total Current Assets</b>	<b>423,483</b>	<b>559,977</b>
<b>Noncurrent Assets</b>		
Depreciable capital assets - net	532,736	462,896
<b>Total Noncurrent Assets</b>	<b>532,736</b>	<b>462,896</b>
<b>Total Assets</b>	<b>956,219</b>	<b>1,022,873</b>
<b>Deferred outflows of Resources</b>		
Deferred outflows from pensions	43,986	20,945
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ 1,000,205</b>	<b>\$ 1,043,818</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 37,650	\$ 310,593
Due to other agencies	-	141,010
Due to other funds	208,599	-
Compensated absences - current	1,029	6,611
Unearned revenue	157,083	85,423
<b>Total Current Liabilities</b>	<b>404,361</b>	<b>543,637</b>
<b>Noncurrent Liabilities</b>		
Net pension liability	90,944	59,866
Compensated absences - net	16,830	11,563
<b>Total Noncurrent Liabilities</b>	<b>107,774</b>	<b>71,429</b>
<b>Total Liabilities</b>	<b>512,135</b>	<b>615,066</b>
<b>Deferred Inflows of Resources</b>		
Deferred inflows from pensions	11,711	22,612
<b>Net Position</b>		
Net investment in capital assets	532,736	462,896
Unrestricted	(56,377)	(56,756)
<b>Total Net Position</b>	<b>476,359</b>	<b>406,140</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 1,000,205</b>	<b>\$ 1,043,818</b>

*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	2017	2016
<b>Operating Revenues</b>		
Passenger fares and private contributions	\$ 167,339	\$ 173,774
<b>Total Operating Revenues</b>	167,339	173,774
<b>Operating Expenses</b>		
Salaries and benefits	116,894	145,639
Professional services	692,202	666,296
Maintenance and fuel	129,730	98,638
Office expense	32,183	23,101
Depreciation	58,153	45,714
<b>Total Operating Expenses</b>	1,029,162	979,388
<b>Operating (Loss)</b>	(861,823)	(805,614)
<b>Nonoperating Revenues (Expenses)</b>		
Local Transportation funds	379,600	295,065
State Transit Assistance funds	29,092	63,167
Operating grants	390,113	354,823
Interest	910	170
<b>Total Nonoperating Revenues (Expenses)</b>	799,715	713,225
<b>(Loss) Before Capital Contributions and Transfers</b>	(62,108)	(92,389)
Capital contributions	132,327	241,074
Transfers in	-	39,450
<b>Change in Net Position</b>	70,219	188,135
<b>Total Net Position - Beginning of Year</b>	406,140	218,005
<b>Total Net Position - End of Year</b>	\$ 476,359	\$ 406,140

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

**Town of Truckee Transit Fund**  
**STATEMENTS OF CASH FLOWS**

Years Ended June 30	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 158,135	\$ 177,102
Payments to employees	(120,073)	(148,758)
Payments to suppliers	(1,268,068)	(540,535)
<b>Net Cash (Used) By Operating Activities</b>	<b>(1,230,006)</b>	<b>(512,191)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Local Transportation Funds allocations	434,175	321,909
State Transit Assistance allocation	20,261	50,967
Federal, State, and Local Grants	323,495	176,771
Due from other funds	208,599	-
Operating Transfers In	-	39,450
<b>Net Cash Provided By Noncapital Financing Activities</b>	<b>986,530</b>	<b>589,097</b>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Grant revenues used to purchase capital assets	132,327	241,075
Cash paid for purchase of capital assets	(122,998)	(168,775)
<b>Net Cash Provided By Capital Financing Activities</b>	<b>9,329</b>	<b>72,300</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest earnings on investments	910	170
<b>Net Cash Provided By Investing Activities</b>	<b>910</b>	<b>170</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(233,237)</b>	<b>149,376</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>233,237</b>	<b>83,861</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ -</b>	<b>\$ 233,237</b>
<b>RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES</b>		
Operating (loss)	\$ (861,823)	\$ (805,614)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:		
Depreciation	58,153	45,714
Changes in assets and liabilities:		
Accounts receivable	(9,204)	3,327
Deferred outflows from pensions	(23,041)	1,373
Accounts payable	(272,943)	269,139
Due to other agencies	(141,010)	41,539
Net pension liability	31,078	7,051
Compensated absences	(315)	(1,004)
Deferred inflows from pensions	(10,901)	(10,539)
<b>Net Cash (Used) By Operating Activities</b>	<b>\$ (1,230,006)</b>	<b>\$ (449,014)</b>

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



# Town of Truckee Transit Fund

## NOTES TO THE FINANCIAL STATEMENTS

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### 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, 2017 and 2016, 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, 2017 and 2016, 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)

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**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)

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**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, 2017, 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, 2016	Additions	Deletions	Transfer	June 30, 2017		
<b>Depreciable Capital Assets</b>							
Building and structures	\$ 356,994	\$ -	\$ -	\$ -	\$ 356,994		
Vehicles and equipment	648,417	127,993	-	-	776,410		
<b>Total Depreciable Capital Assets</b>	<b>1,005,411</b>	<b>127,993</b>	<b>-</b>	<b>-</b>	<b>1,133,404</b>		
<b>Accumulated Depreciation</b>							
Building and structures	(127,876)	(17,147)	-	-	(145,023)		
Vehicles and equipment	(414,639)	(41,006)	-	-	(455,645)		
<b>Total Accumulated Depreciation</b>	<b>(542,515)</b>	<b>(58,153)</b>	<b>-</b>	<b>-</b>	<b>(600,668)</b>		
<b>Net Depreciable Capital Assets</b>	<b>462,896</b>	<b>69,840</b>	<b>-</b>	<b>-</b>	<b>532,736</b>		
<b>Total Capital Assets</b>	<b>\$ 462,896</b>	<b>\$ 69,840</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 532,736</b>		

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

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

Depreciation expense for the years ended June 30, 2017 and 2016, was \$58,153 and \$45,714.

**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, 2017 and 2016. The fare ratio calculations are as follows:

June 30	2017		2016	
Fare revenues	\$	167,339	\$	173,774
Operating expenses	\$	1,029,162	\$	979,388
Less: Depreciation		(58,153)		(45,714)
<b>Applicable Operating Expenses</b>	<b>\$</b>	<b>971,009</b>	<b>\$</b>	<b>933,674</b>
<b>Actual Fare Ratio</b>		<b>17.23%</b>		<b>18.61%</b>

**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, 2017 and 2016, the Transit Fund had allocations that had been received but not earned as follows:

	LTF	Other Grants	Total
<b>Unearned Revenue - June 30, 2015</b>	\$ 82,575	\$	82,575
Allocations	294,310	3,604	297,914
Maximum eligibility (Operating Expenses)	(295,066)		(295,066)
<b>Unearned Revenue - June 30, 2016</b>	81,819	3,604	85,423
Allocations	432,640	18,620	451,260
Maximum eligibility (Operating Expenses)	(379,600)	-	(379,600)
<b>Unearned Revenue - June 30, 2017</b>	\$ 134,859	\$ 22,224	\$ 157,083

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	2017	2016
Operating expenses	\$ 1,029,162	\$ 979,388
Adjustments:		
Depreciation	(58,153)	(45,714)
Fare revenues and private contributions	(167,339)	(173,774)
STA allocation	(29,092)	(63,167)
Operating grants	(390,113)	(354,823)
Interest revenues	(910)	(170)
Other	(3,955)	(46,674)
<b>Maximum Eligibility</b>	<b>\$ 379,600</b>	<b>\$ 295,066</b>

**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)

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**6. COMPENSATED ABSENCES**

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

	Balance			Balance			Amounts
	July 1, 2016	Additions	Deletions	June 30, 2017			Due Within
							One Year
<b>Business-Type Activities:</b>							
Compensated absences	\$ 18,174	\$ 13,613	\$ (13,928)	\$ 17,859	\$		1,029

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

**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, 2015, was restated due to a correction of an error in the financial statements for the year ended June 30, 2016. The effect of this correction decreased the Deposits on Capital Assets in the Statement of Net Position by \$63,177 and decreased beginning fund balance by the same amount.

## **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, 2017, 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 20, 2018. 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, 2017, 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, 2017. 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, 2017, 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.



February 20, 2018  
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, 2017, 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, 2017, the Town received RSTP funds of \$163,769 from the Commission for the purpose of street and road improvements. As of June 30, 2017, RSTP funds received and expended were as follows:

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<b>Proceeds Received - Year Ended June 30, 2017</b>	
RSTP	\$ 163,769
<hr/>	
Expenditures incurred:	
Brickelltown Improvements Project	163,769
<hr/>	
<b>Total Expenditures Incurred</b>	<b>163,769</b>
<hr/>	
<b>Unexpended Proceeds - June 30, 2017</b>	<b>\$ -</b>

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**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, 2017.

**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 20, 2018  
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, 2017, 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, 2017, the Town received PTMISEA proceeds of \$19,199 for the purpose of bus stop improvements. As of June 30, 2017, PTMISEA funds received and expended were as follows:

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<b>Beginning Balance</b>	\$	-
Proceeds received:		
PTMISEA		19,199
Expenditures incurred:		
		(19,199)
<b>Unexpended Proceeds</b>	\$	-

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***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, 2017.

**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.



February 20, 2018  
Aiello, Goodrich & Teuscher  
An Accountancy Corporation  
Redding, California

**Town of Truckee Transit Fund**  
SCHEDULE OF FINDINGS AND RESPONSES  
June 30, 2017

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**CURRENT YEAR FINDINGS AND RESPONSES**

None

**PRIOR YEAR FINDINGS AND RESPONSES**

None