

**CITY OF CONCORD, CALIFORNIA**  
**TRANSPORTATION DEVELOPMENT ACT PROGRAM**  
**Financial Statements and Independent Auditors' Report,**  
**and Other Reports**  
**For the Years Ended June 30, 2018 and 2017**

**CITY OF CONCORD**  
**TRANSPORTATION DEVELOPMENT ACT PROGRAM**  
**Financial Statements**

**For the years ended June 30, 2018 and 2017**

**TABLE OF CONTENTS**

<b>INDEPENDENT AUDITORS' REPORT .....</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
Balance Sheets .....	3
Statements of Revenues, Expenditures and Changes in Fund Balance.....	4
Notes to Financial Statements.....	5
<b>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 <i>GOVERNMENT AUDITING STANDARDS</i> AND THE TRANSPORTATION DEVELOPMENT ACT .....</b>	<b>7</b>



**VAVRINEK, TRINE, DAY & CO., LLP**  
Certified Public Accountants

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## INDEPENDENT AUDITORS' REPORT

Honorable Members of the City Council  
of the City of Concord  
Concord, California

### **Report on the Financial Statements**

We have audited the accompanying balance sheets and statements of revenues, expenditures and changes in fund balance of the City of Concord Transportation Development Act Program (Program), a program of the City of Concord, California (the City), as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements.

### ***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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion 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 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 respective financial position of the City of Concord Transportation Development Act Program, as of June 30, 2018 and 2017, and the respective changes in financial position thereof for the years 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 Program and do not purport to, and do not, present fairly the financial position of the City of Concord, California, as of June 30, 2018 and 2017, and the changes in its financial position 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 Matters***

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2018, on our consideration of the Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Program's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Program's internal control over financial reporting and compliance.

*Varrinck, Trine, Day & Co. LLP*

Sacramento, California  
December 21, 2018

**CITY OF CONCORD**  
**TRANSPORTATION DEVELOPMENT ACT PROGRAM**  
(A Program of the City of Concord, California)  
**BALANCE SHEETS**  
**JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash	\$ -	\$ 67,526
Due from MTC	99,558	74,486
Total Assets	<u>\$ 99,558</u>	<u>\$ 142,012</u>
<b>LIABILITIES</b>		
Due to the City	\$ 99,558	\$ 74,486
Due to MTC	-	67,526
Total Liabilities	<u>99,558</u>	<u>142,012</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue	10,462	-
Total Deferred Inflows of Resources	<u>10,462</u>	<u>-</u>
<b>FUND BALANCE</b>		
Unrestricted	(10,462)	-
Total Fund Balance (Deficit)	<u>\$ (10,462)</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**CITY OF CONCORD  
TRANSPORTATION DEVELOPMENT ACT PROGRAM  
(A Program of the City of Concord, California)  
STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>REVENUES</b>		
Transportation Development Act (Note 2)	\$ 83,716	\$ 30,163
Total Revenues	<u>83,716</u>	<u>30,163</u>
<b>EXPENDITURES</b>		
Current:		
Bike and Pedestrian Access to Transit Plan	-	23,926
Detroit Ave/Whitman Road Pedestrian Improvements	73,736	6,237
West Concord Bikeway Improvements	20,442	-
Total Expenditures	<u>94,178</u>	<u>30,163</u>
Net Change in Fund Balance	(10,462)	-
Fund Balance at Beginning of Year	-	-
Fund Balance at End of Year	<u>\$ (10,462)</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**CITY OF CONCORD  
TRANSPORTATION DEVELOPMENT ACT PROGRAM  
(A Program of the City of Concord, California)  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2018 AND 2017**

***NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The City of Concord operates various pedestrian and bicycle path planning and construction activities financed with Transportation Development Act (TDA), Article 3.0 grants approved by the Metropolitan Transportation Commission (MTC). The accompanying financial statements are for the Transportation Development Act Program only and are not intended to fairly present the financial position of the City or the results of its operations.

The following is a summary of significant accounting policies of the Program which conform to generally accepted accounting principles in the United States of America as applicable to governments.

**A. Project Descriptions and Locations**

During fiscal year 2018 the City had two Transportation Development Act Projects.

The Detroit Ave/Whitman Rd Pedestrian Improvement project (PJ2318) extends the sidewalk constructed on the bridge: to connect to the existing sidewalk on the north of the bridge, and southward to the intersection of Whitman Road where a new crosswalk will be installed and ultimately to connect to the existing sidewalk on the south side of Whitman Road. This route will provide pedestrians a continuous safe passage across the bridge, along the west side of Detroit Avenue to Whitman Road.

The West Concord Bikeways Project (PJ 2421) proposes to add buffered Class II bike lanes to Meridian Park Boulevard (between Concord Ave. and Willow Way), John Glenn Drive (between Concord Ave. and Burnett Ave.) and Galaxy Way (between Diamond Blvd. and Burnett Ave.) The proposed improvements will remove an existing 11-ft vehicular travel lane in each traffic direction, and maintain the existing on-street parking to provide for the new buffered bike lanes. The improvements to these streets are identified as Tier 1 priority projects in the City of Concord Bicycle, Pedestrian, & Safe Routes to Transit Plan.

The project will provide access to potentially high walking and bicycle demand areas including the Iron Horse Trail, the new Veranda Shopping Center via Willow Way, and the various businesses in the Diamond Boulevard corridor area. Separately, the developer of Veranda installed buffered Class II bike lanes on Willow Way from Diamond Boulevard to the Iron Horse Trail and Meridian Park Boulevard. The proposed improvements will greatly increase the safety of bicyclists accessing businesses in West Concord.

**B. Fund Accounting**

The Projects are accounted for within the General Reimbursable Projects Fund of the City of Concord. The fund is a set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues and expenditures.

**C. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized. The Program is accounted for in a governmental fund type and the modified accrual basis of accounting is used. Under the modified accrual basis revenues are recognized when they become measurable and available. The program considers all revenues collected to be available if they are collected within sixty days after year-end. Expenditures are generally recognized when they are incurred.

**CITY OF CONCORD  
TRANSPORTATION DEVELOPMENT ACT PROGRAM  
(A Program of the City of Concord, California)  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2018 AND 2017**

**NOTE 2 – TDA ARTICLE 3.0 REVENUE/EXPENDITURES**

A summary of the City's outstanding allocation instructions from the Metropolitan Transportation Commission and revenues and expenditures for the years ended June 30, 2018 and 2017:

Project Description	MTC Allocation #	TDA Grant	Expended in Fiscal 2017-2018	Revenue from MTC 2017-2018	Expended in Fiscal 2016-2017	Revenue from MTC 2016-2017	Revenue to Date
Bike and Pedestrian Access to Transit Plan	15414904	\$ 200,000	\$ -	\$ -	\$ 23,926	\$ 23,926	\$ 23,926
Detroit Ave/Whitman Rd Pedestrian Improveme	17001040	80,000	73,736	70,023	6,237	6,237	76,260
West Concord Bikeway Improvements	18001022	120,000	20,442	13,693	-	-	13,693

**NOTE 3 – DEFICIT FUND BALANCE**

In FY 2017/18, the TDA Program had a deficit fund balance of \$10,462. The \$10,462 project reimbursements was recorded as unavailable revenue to the program as they were received subsequent to the period of availability of sixty days after year-end.



**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 AND THE  
TRANSPORTATION DEVELOPMENT ACT**

Honorable Members of the City Council  
of the City of Concord  
Concord, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the balance sheets and statements of revenues, expenditures and changes in fund balance of the Transportation Development Act Program (Program), a program of the City of Concord, California, (City) as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements, and have issued our report thereon dated December 21, 2018. Our report includes an emphasis of a matter in relation to the financial statements present only the Program and do not purport to, and do not, present fairly the financial position of the City.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of City'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 Program's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the applicable provisions of Section 6666 of Title 21 of the California Code of Regulation, 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 Section 6666 of Title 21 of the California Code of Regulation.

## **Purpose of the Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Varrinick, Trine, Day & Co. LLP*

Sacramento, California

December 21, 2018