

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
GOVERNMENTAL FUND
BALANCE SHEET
 June 30, 2017

	General Fund
Assets	
Cash and investments	\$ 4,500,018
Accounts receivable	9,508,857
Deposit	3,235,000
Prepaid expenditures	<u>9,599</u>
Total assets	<u><u>\$ 17,253,474</u></u>
Liabilities and Fund Balance	
Liabilities:	
Accounts payable	\$ 3,565,423
Accrued expenditures	35,051
Unearned revenue	<u>15,626</u>
Total liabilities	<u>3,616,100</u>
Fund Balance	
Nonspendable	
Prepaid expenditures	9,599
Restricted:	
SAFE	1,635,957
Freeway Service Patrol	627,298
Committed:	
OPEB	85,219
CalTrans reimbursement agreement	657,487
Assigned:	
Commuter rail leases	112,448
Railroad leases	1,581,352
OPEB	90,089
Capital replacement	114,586
Unassigned	<u>8,723,339</u>
Total fund balance	<u>13,637,374</u>
Total liabilities and fund balance	<u><u>\$ 17,253,474</u></u>

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2017

	<u>General Fund</u>
Revenues:	
Federal Revenues:	
SR 156 Project Management	\$ 204,321
INVEST Grant 101	2,231
Hiway 68 Corridor Study - Salinas Grant	148,760
Hiway 68 Corridor Study - PG Grant	9,370
	<u>364,682</u>
State Revenues:	
TCRP	5,296,221
Freeway Service Patrol	236,057
SAFE	380,954
Rural Planning Assistance	473,979
Planning, Programming and Monitoring	231,000
RSTPI & RSTPP	147,279
Local Transportation Fund	933,696
Prop 116 Rail Bond	492
Active Transportation Program	3,452,883
PTA Coast Daylight	143,285
	<u>11,295,846</u>
Local Revenues:	
CMP	243,076
Interest	90,358
Lease revenue - MBL Row and Commuter Rail	281,317
RDIF	10,000
Miscellaneous	256
Measure X - Pavement Management	27,299
Measure X - Materials and Services	15,456
Measure X - Administration	95,853
FOR A - Fee Update	70,002
	<u>833,617</u>
Total revenues	<u>12,494,145</u>
Expenditures:	
Salaries and wages	1,280,674
Fringe benefits	466,657
Total personnel	1,747,331
Services and supplies	366,902
Total operating expenditures	2,114,233
Direct programs	6,544,125
Total expenditures	<u>8,658,358</u>
Excess (deficiency) of revenues over expenditures	3,835,787
Fund balance, beginning of fiscal year	9,801,587
Fund balance, end of fiscal year	<u>\$ 13,637,374</u>

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2017

	Private Purpose Trust Funds				Totals
	Local Transportation Fund	State Transit Assistance Fund	State Highway Account Fund	Transportation Safety and Investment Plan Account Fund	
ASSETS					
Cash and investments	\$ 1,630,001	\$ 91	\$ 11,216,180	\$ 771,169	\$ 13,617,441
Accounts receivable	2,495,000	484,859		3,455,900	6,435,759
Total assets	4,125,001	484,950	11,216,180	4,227,069	20,053,200
LIABILITIES					
Liabilities:					
Due to other agencies	1,047,454	484,859	291,626	2,619,008	4,442,947
Total liabilities	1,047,454		291,626	2,619,008	4,442,947
NET POSITION					
Unrestricted	3,077,547	91	10,924,554	1,608,061	15,610,253
Total net position	\$ 3,077,547	\$ 91	\$ 10,924,554	\$ 1,608,061	\$ 15,610,253

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2017

	Private Purpose Trust Funds				
	Local Transportation Fund	State Transit Assistance Fund	State Highway Account Fund	Transportation Safety and Investment Plan Account Fund	Totals
Additions:					
Sales tax	\$ 16,587,316	\$ 2,193,707	\$ -	\$ 4,932,375	\$ 23,713,397
State Highway Account funds			4,520,460		4,520,460
Interest, loss recovery and other fees	26,236	500	110,512	9,967	147,215
Total additions	16,613,552	2,194,207	4,630,972	4,942,342	28,381,071
Deductions:					
Claims paid to:					
Carmel				29,507	29,507
Del Rey Oaks				10,753	10,753
Greenfield	512,338		427,258	64,265	1,003,861
King City				58,514	58,514
Marina			55,200	101,025	156,225
Monterey			1,783,763	154,788	1,938,551
Pacific Grove			105,000	84,020	189,020
Salinas			1,024,362	639,656	1,664,018
Sand City				4,251	4,251
Seaside	128,727		168,584	151,787	449,098
Soledad				85,771	85,771
County of Monterey	73,103			1,086,264	1,159,367
TAMC					
Administration	908,484			95,853	1,004,337
Materials, services and project costs	25,212		147,279	42,755	215,246
Monterey - Salinas Transit	15,471,817	2,194,285			17,666,102
County of Monterey election costs				715,272	715,272
Other				9,800	9,800
Total deductions	17,119,681	2,194,285	3,711,446	3,334,281	26,359,693
Change in net position	(506,129)	(78)	919,526	1,608,061	2,021,380
Net position - beginning of fiscal year	3,583,676	169	10,005,028		13,588,873
Net position - end of fiscal year	\$ 3,077,547	\$ 91	\$ 10,924,554	\$ 1,608,061	\$ 15,610,253

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

COUNTY OF MONTEREY
TRANSPORTATION DEVELOPMENT ACT FUND
SECTIONS 99234 and 99400(a) OF THE PUBLIC UTILITIES CODE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2017

	<u>99234</u>	<u>99400(a)</u>	<u>Total</u>
Revenues:			
Local transportation funds	<u>\$ 73,103</u>	<u>\$ -</u>	<u>\$ 73,103</u>
Total revenues	<u>73,103</u>		<u>73,103</u>
Expenditures:			
Bike and pathway	<u>73,103</u>		<u>73,103</u>
Total expenditures	<u>73,103</u>		<u>73,103</u>
Excess (deficit) revenues over expenditures			
Fund balance, beginning of fiscal year			
Fund balance, end of fiscal year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

CITY OF SEASIDE
TRANSPORTATION DEVELOPMENT ACT FUNDING SOURCE
SECTIONS 99234 and 99400(a) OF THE PUBLIC UTILITIES CODE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2017

	<u>99234</u>	<u>99400(a)</u>	<u>Total</u>
Revenues:			
Local transportation funds	<u>\$ 128,727</u>	<u>\$ -</u>	<u>\$ 128,727</u>
Total revenues	<u>128,727</u>		<u>128,727</u>
Expenditures:			
Bike and pathway	<u>128,727</u>		<u>128,727</u>
Total expenditures	<u>128,727</u>		<u>128,727</u>
Excess (deficit) revenues over expenditures			
Fund balance, beginning of fiscal year	<u></u>	<u></u>	<u></u>
Fund balance, end of fiscal year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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



**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***

Board of Directors
Transportation Agency for Monterey County
Salinas, 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 financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Transportation Agency for Monterey County (the Agency), as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated January 8, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency'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 the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 Agency'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*.

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

Moss, Renz & Hagdorn LLP

Santa Maria, California
January 8, 2018

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS
For the Fiscal Year Ended June 30, 2017

There were no financial statement findings.

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS
For the Fiscal Year Ended June 30, 2017

There were no prior fiscal year financial statement findings.



January 8, 2018

To the Board of Directors
Transportation Agency for Monterey County

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Transportation Agency for Monterey County as of and for the fiscal year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 8, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Transportation Agency for Monterey County are described in Note 1 to the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Agency's financial statements were:

Management's estimate of the useful lives of capital assets is based on experience with other capital assets and on their standard table of useful lives. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the other postemployment benefits (OPEB) expense is based on the actuary's expertise and experience. We evaluated the key factors and assumptions used to develop the other postemployment benefits (OPEB) expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Management and CalPERS estimate of the net pension liability and pension expense is based on the actuary's expertise and experience. We evaluated the key factors and assumptions used to develop the other postemployment benefits (OPEB) expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the Pension Plan in Note 6 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 8, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of the Transportation Agency for Monterey County and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Moss, Remy & Hargheim LLP

Santa Maria, California