

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
GOVERNMENTAL FUND
BALANCE SHEET
June 30, 2018

	General Fund
Assets	
Cash and investments	\$ 7,434,402
Accounts receivable	2,394,253
Deposit	2,938,560
Prepaid expenditures	11,683
Loan receivable	1,214,212
Total assets	<u>\$ 13,993,110</u>
Liabilities and Fund Balance	
Liabilities:	
Accounts payable	\$ 481,266
Accrued expenditures	37,945
Unearned revenue	15,739
Total liabilities	<u>534,950</u>
Fund Balance	
Nonspendable	
Prepaid expenditures	11,683
Deposit	2,938,560
Loan receivable	1,214,212
Restricted:	
Cal Am Water	14,233
SAFE	1,639,176
Freeway Service Patrol	316,538
Committed:	
OPEB	85,219
CalTrans reimbursement agreement	575,301
Assigned:	
Commuter rail leases	79,886
Railroad leases	1,654,093
OPEB	90,089
Capital replacement	114,586
Unassigned	4,724,584
Total fund balance	<u>13,458,160</u>
Total liabilities and fund balance	<u>\$ 13,993,110</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, 2018

	<u>General Fund</u>
Revenues:	
Federal Revenues:	
SR 156 Project Management	\$ 199,224
Pajaro to Prunedale	136,518
SR 218 Corridor Improvements	70,421
	<u>406,163</u>
State Revenues:	
TCRP	2,639,230
Freeway Service Patrol	
SAFE	384,167
Rural Planning Assistance	432,983
Planning, Programming and Monitoring	231,000
RSTPI & RSTPP	155,963
Local Transportation Fund	926,461
Active Transportation Program	1,131,214
SRS Marina Seaside	23,924
	<u>5,924,942</u>
Local Revenues:	
CMP	243,076
Interest	126,254
Lease revenue - MBL Row and Commuter Rail	288,616
RDIF	10,000
Cal Am Water	40,000
Seaside/Marina SRTS	3,100
Miscellaneous	3,595
Measure X - Projects/Programs	278,646
Measure X - Materials and Services	4,028
Measure X - Administration	131,477
	<u>1,128,792</u>
Total revenues	<u>7,459,897</u>
Expenditures:	
Salaries and wages	1,473,593
Fringe benefits	499,953
Total personnel	<u>1,973,546</u>
Services and supplies	417,255
Total operating expenditures	<u>2,390,801</u>
Direct programs	5,222,523
Total expenditures	<u>7,613,324</u>
Excess (deficiency) of revenues over expenditures	<u>(153,427)</u>
Fund balance, beginning of fiscal year	13,637,374
Restatements	<u>(25,787)</u>
Fund balance, beginning of fiscal year, restated	<u>13,611,587</u>
Fund balance, end of fiscal year	<u>\$ 13,458,160</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, 2018

	Private Purpose Trust Funds				
	Local Transportation Fund	State Transit Assistance Fund	State Highway Account Fund	Transportation Safety and Investment Plan Account Fund	Totals
ASSETS					
Cash and investments	\$ 1,092,606	\$ 594	\$ 14,939,439	\$ 12,138,837	\$ 28,171,476
Accounts receivable	2,845,567	1,424,921		4,324,996	8,595,484
Due from King City	231,730				231,730
Total assets	4,169,903	1,425,515	14,939,439	16,463,833	36,998,690
LIABILITIES					
Liabilities:					
Due to other agencies	1,403,580	1,424,921	1,414,667	3,988,168	8,231,336
Total liabilities	1,403,580	1,424,921	1,414,667	3,988,168	8,231,336
NET POSITION					
Unrestricted	2,766,323	594	13,524,772	12,475,665	28,767,354
Total net position	\$ 2,766,323	\$ 594	\$ 13,524,772	\$ 12,475,665	\$ 28,767,354

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, 2018

	Private Purpose Trust Funds				
	Local Transportation Fund	State Transit Assistance Fund	State Highway Account Fund	Transportation Safety and Investment Plan Account Fund	Totals
Additions:					
SB 1 Additional Gas Tax	\$ -	\$ 775,355	\$ -	\$ -	\$ 775,355
Sales tax	17,923,550	3,678,161		28,026,311	49,628,022
State Highway Account funds			4,815,966		4,815,966
Interest, loss recovery and other fees	21,432	1,413	143,194	103,588	269,627
Total additions	17,944,982	4,454,929	4,959,160	28,129,899	55,488,970
Deductions:					
Claims paid to:					
Carmel			13,000	195,926	208,926
Del Rey Oaks				71,397	71,397
Gonzales				229,707	229,707
Greenfield				426,723	426,723
King City	572,695		83,427	388,534	1,044,656
Marina				670,802	670,802
Monterey			1,342,352	1,027,838	2,370,190
Pacific Grove				557,922	557,922
Salinas			31,973	4,247,511	4,279,484
Sand City			116,407	28,228	144,635
Seaside			614,335	1,007,912	1,622,247
Soledad				569,545	569,545
County of Monterey				7,212,614	7,212,614
TAMC					
Administration	908,484			131,477	1,039,961
Materials, services and project costs	17,977		157,448	496,159	671,584
Monterey - Salinas Transit	16,757,050	4,454,426			21,211,476
Total deductions	18,256,206	4,454,426	2,358,942	17,262,295	42,331,869
Change in net position	(311,224)	503	2,600,218	10,867,604	13,157,101
Net position - beginning of fiscal year	3,077,547	91	10,924,554	1,608,061	15,610,253
Net position - end of fiscal year	\$ 2,766,323	\$ 594	\$ 13,524,772	\$ 12,475,665	\$ 28,767,354

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

KING CITY
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, 2018

	<u>99234</u>	<u>99400(a)</u>	<u>Total</u>
Revenues:			
Local transportation funds	<u>\$ 572,695</u>	<u>\$ -</u>	<u>\$ 572,695</u>
Total revenues	<u>572,695</u>		<u>572,695</u>
Expenditures:			
Bike and pathway	<u>572,695</u>		<u>572,695</u>
Total expenditures	<u>572,695</u>		<u>572,695</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>

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

KING CITY
TRANSPORTATION DEVELOPMENT ACT FUNDING SOURCE
SECTIONS 99234 and 99400(a) OF THE PUBLIC UTILITIES CODE
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
June 30, 2018

FINDING 2018-1
STREET REPORT

Finding:

When we examined the City's Street Report as submitted to the State Controller's Office, we noted that the report did not classify the Transportation Development Act Section 99234 revenue and expenditures properly and instead reported the revenue as Regional Surface Transportation Program funding and the expenditures as All Other Sources Non-Discretionary.

Recommendation:

The City should ensure that when the Street Report is prepared, finance staff reviews the report for proper classification of the revenues and expenditures by funding sources.

City's Response:

In response to the finding we understand and will be more careful in the future. This has been discussed with the SOS office and since the funds were considered Non-Discretionary the Fund Balances at the end of the Street Report are correct.



Moss, Levy & Hartzheim LLP

Certified Public Accountants

January 8, 2019

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, 2018. 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 June 1, 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 pension 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, 2019.

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, Levy & Hargheim LLP

Santa Maria, California



Moss, Levy & Hartzheim LLP

Certified Public Accountants

**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, 2018, 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, 2019.

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, Levy & Hargheim LLP

Santa Maria, California
January 8, 2019

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS
For the Fiscal Year Ended June 30, 2018

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, 2018

There were no prior fiscal year financial statement findings.