

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
GOVERNMENTAL FUND
BALANCE SHEET
June 30, 2019

	General Fund
Assets	
Cash and investments	\$ 10,262,309
Accounts receivable	2,001,055
Deposit - escrow	1,849,560
Prepaid expenditures	11,607
Total assets	<u>\$ 14,124,531</u>
Liabilities and Fund Balance	
Liabilities:	
Accounts payable	\$ 951,327
Accrued expenditures	41,783
Unearned revenue	9,921
Total liabilities	<u>1,003,031</u>
Fund Balance	
Nonspendable	
Prepaid expenditures	11,607
Deposit - escrow	1,849,560
Restricted:	
Cal Am Water	23,803
SAFE	1,736,114
Committed:	
OPEB	85,219
CalTrans reimbursement agreement	493,115
Assigned:	
Commuter rail leases	220,674
Railroad leases	1,611,980
OPEB	90,089
Unassigned	6,999,339
Total fund balance	<u>13,121,500</u>
Total liabilities and fund balance	<u>\$ 14,124,531</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, 2019

	<u>General Fund</u>
Revenues:	
Federal Revenues:	
SR 156 Project Management	\$ 10,910
Pajaro to Prunedale	133,143
SR 218 Corridor Improvements	80,539
	<u>224,592</u>
State Revenues:	
TCRP	3,532,036
Freeway Service Patrol	95,682
SAFE	391,653
Rural Planning Assistance	393,271
Planning, Programming and Monitoring	231,000
RSTPI & RSTPP	148,611
Local Transportation Fund	1,056,602
SRTS Marina Seaside	231,218
Mo. County Regional Cons. Strategy	66,589
Mo. Bay Rail Network Integ Study	36,685
PTA-STIP	25,355
FORTAG Environmental Phase	143,433
	<u>6,352,135</u>
Local Revenues:	
CMP	243,076
Interest	251,416
Lease revenue - MBL Row and Commuter Rail	279,060
RDIF	10,000
Cal Am Water	55,000
CTC Sponsor	2,399
Miscellaneous	243
Measure X - Projects/Programs	557,886
Measure X - Materials and Services	21,612
Measure X - Administration	163,601
	<u>1,584,293</u>
Total revenues	<u>8,161,020</u>
Expenditures:	
Salaries and wages	1,528,094
Fringe benefits	519,175
Total personnel	2,047,269
Services and supplies	362,430
Total operating expenditures	2,409,699
Direct programs	6,080,676
Total expenditures	<u>8,490,375</u>
Excess (deficiency) of revenues over expenditures	<u>(329,355)</u>
Fund balance, beginning of fiscal year	13,458,160
Restatements	<u>(7,305)</u>
Fund balance, beginning of fiscal year, restated	13,450,855
Fund balance, end of fiscal year	<u>\$ 13,121,500</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, 2019

	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	\$ 1,318,312	\$ 1,722	\$ 14,860,233	\$ 19,744,266	\$ 35,924,533
Accounts receivable	3,280,923	1,439,964		5,153,576	9,874,463
Loan to Del Rey Oaks				633,380	633,380
Loan to Gonzales				2,164,269	2,164,269
Due from King City	231,730				231,730
Total assets	4,830,965	1,441,686	14,860,233	27,695,491	48,828,375
LIABILITIES					
Liabilities:					
Due to other agencies	1,684,659	1,439,964	1,830,027	4,589,770	9,544,420
Total liabilities	1,684,659	1,439,964	1,830,027	4,589,770	9,544,420
NET POSITION					
Held in trust for:					
Other agencies	3,146,306	1,722	13,030,206	23,105,721	39,283,955
Total net position held in trust	\$ 3,146,306	\$ 1,722	\$ 13,030,206	\$ 23,105,721	\$ 39,283,955

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, 2019

	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	\$ -	\$ 777,147	\$ -	\$ -	\$ 777,147
Sales tax	19,615,805	4,929,495		30,460,990	55,006,290
State Highway Account funds			5,065,157		5,065,157
Interest, loss recovery, and other fees	31,556	2,849	270,512	394,139	699,056
Total additions	19,647,361	5,709,491	5,335,669	30,855,129	61,547,650
Deductions:					
Claims paid to:					
Carmel			42,875	213,999	256,874
Del Rey Oaks				77,950	77,950
Gonzales			494,356	217,496	711,852
Greenfield				466,264	466,264
King City				424,371	424,371
Marina				732,675	732,675
Monterey			1,233,795	1,122,588	2,356,383
Pacific Grove				609,434	609,434
Salinas			203,035	4,639,064	4,842,099
Sand City				30,830	30,830
Seaside			2,387,105	1,101,253	3,488,358
Soledad			671,300	622,048	1,293,348
County of Monterey			649,158	7,874,149	8,523,307
TAMC					
Administration	908,484			163,601	1,072,085
Materials, services, and project costs	148,118		148,611	1,929,351	2,226,080
Monterey - Salinas Transit	18,210,776	5,708,363			23,919,139
Total deductions	19,267,378	5,708,363	5,830,235	20,225,073	51,031,049
Change in net position	379,983	1,128	(494,566)	10,630,056	10,516,601
Net position - held in trust, beginning of fiscal year	2,766,323	594	13,524,772	12,475,665	28,767,354
Net position - held in trust, end of fiscal year	\$ 3,146,306	\$ 1,722	\$ 13,030,206	\$ 23,105,721	\$ 39,283,955

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



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, 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated February 19, 2020.

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, Remy & Haugheim LLP

Santa Maria, California
February 19, 2020

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS
For the Fiscal Year Ended June 30, 2019

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, 2019

There were no prior fiscal year financial statement findings.



February 19, 2020

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, 2019. 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 February 27, 2019. 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) liability and deferred inflows and outflows related to OPEB are based on the actuary's expertise and experience. We evaluated the key factors and assumptions used to develop the other postemployment benefits (OPEB) liability and deferred inflows and outflows related to OPEB in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability and deferred inflows and outflows related to pension are based on the CalPERS actuary's expertise experience. We evaluated the key factors and assumptions used to develop the net pension liability and deferred inflows and outflows related to pension 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 disclosures of the Pension Plan in Note 6 and the Postemployment Benefits other than Pension in Note 7 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 February 19, 2020.

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 & Hartzheim LLP

Santa Maria, California