TRANSPORTATION AGENCY FOR MONTEREY COUNTY

FINANCIAL STATEMENTS
June 30, 2019

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
TABLE OF CONTENTS
June 30, 2019

FINANCIAL SECTION

Moss, Levy & Hartzheim LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Transportation Agency for Monterey County
Salinas, California

Report on the Financial Statements

We have audited the accompanying 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 as listed in the table of contents.

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 of material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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 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 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 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Transportation Agency for Monterey County, as of June 30, 2019, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

2400 Professional Parkway, Suite 205 Santa Maria, CA 93455 Tel 805.925.2579 Fax 805.925.2147 mlhcpas.com
BEVERLY HILLS · CULVER CITY · SANTA MARIA

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-14, the budgetary comparison information on pages 41 and 42, the schedule of proportionate share of net pension liability on page 43, the schedule of pension contributions on page 44, the schedule of changes in OPEB liability and related ratios on page 45, and the schedule of OPEB contributions on page 46 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The budgetary, allocation, and claims schedules, are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary, allocation, and claims schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information section is fairly stated in all material respects in relating to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2020, on our consideration of the Transportation Agency for Monterey County'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 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 Agency's internal control over financial reporting and compliance.

Moss, Levy & Hartzheim LLP

Santa Maria, California
February 19, 2020

Management's Discussion and Analysis

Overview of the Transportation Agency and Audited Finances
for Fiscal Year Ending June 30, 2019

General

The Transportation Agency for Monterey County (the Agency) is a statutorily designated association of local officials who have joined together to solve transportation problems throughout Monterey County. Officials from each of the twelve incorporated cities in Monterey County and all five County Supervisors represent the public on the Board of Directors. The Agency's goal is to make it safer and easier for travelers to get where they want to go, whether they are commuting to work or school, transporting goods to market, visiting local attractions, going shopping, or traveling to medical appointments. The Agency works to improve safety and reduce future traffic congestion, using a combination of solutions, such as roads, buses, trains, and trails. The Agency's mission is to "develop and maintain a multimodal transportation system that enhances mobility, safety, access, environment quality, and economic activities in Monterey County."

The Board of Directors sets policy and the Executive Director oversees a professional staff of 14 full-time employees, 1 part-time employee, 1 retired annuitant and 1 part-time temporary intern. About 86% of the Agency's funding comes from state and federal grants. Local funding is primarily from member agency contributions, lease revenues and Measure X.

Work Program Highlights

During fiscal year (FY) 2018/2019, the Transportation Agency for Monterey County undertook a wide variety of programs focused on regional transportation planning, funding, project delivery, and programs acting as the designated Regional Transportation Planning Agency, the Local Transportation Commission, the Congestion Management Agency, and the Service Authority for Freeways and Expressways for the Monterey County area. The Agency's activities are described in detail in the annual Work Program and highlighted below.

Planning

Regional Transportation Plan/Sustainable Communities Strategy Adoption: The Agency began coordination efforts with the Association of Monterey Bay Area Governments, the Santa Cruz County Regional Transportation Commission, and the San Benito County Council of Governments on the 2020 Regional Transportation Plan and the 2045 Metropolitan Transportation Plan / Sustainable Communities Strategy. The Transportation Agency approved a cost sharing agreement in June 2019 with the Association of Monterey Bay Area Governments to prepare a combined environmental impact report for the documents.

Environmental Document Review: The Agency continued screening environmental documents and traffic impact assessments to determine consistency with Transportation Agency plans, programs, and policies, and to address impacts of proposed developments on regional transportation infrastructure. Major projects reviewed included the Northeast Southwest Arterial Connector Project and the Monterey Peninsula Regional Parks District General Development Plan.

Regional Traffic Counts Program: The Transportation Agency continued the annual program collecting traffic counts across the county. This data was made available to AMBAG to support the regional travel demand model, which is utilized for planning purposes throughout the Monterey Bay region.

SR 68 Scenic Highway Plan: The Agency hired a consultant to perform roundabout design peer review in conjunction with Caltrans beginning the preliminary engineering and environmental document phase of the project. Caltrans initiated their work, funded by the State Transportation Improvement Program.

Planning Studies: The Agency continued four studies funded by Caltrans planning grants to address transportation issues and needs around the county, and received a grant for one new study, as follows:

- Pajaro to Prunedale Corridor: Funded by a Caltrans Sustainable Planning Grant, this corridor study evaluated traffic flow and safety along the County's G12 corridor - from San Miguel Canyon Road, Hall Road, Elkhorn Road, Salinas Road, to Porter Drive. The consultant team conducted the technical work, collected travel and collision data, and developed various concepts to improve traffic flow, manage speeds and enhance safety. The team performed extensive bi-lingual public outreach for the project including a series of community workshops, a citizen advisory group, and an interactive online forum. The TAMC Board adopted the final G12 corridor study was in June 2019. The County has included the project in its Capital Improvement Program, and staff have begun to look for opportunities to implement some near-term safety solutions.

- Canyon Del Rey -SR 218 Corridor: Funded by a Caltrans Strategic Partnerships Planning Grant, this study evaluated how to improve pedestrian and bicyclist safety along Highway 218 from Highway 68 to Highway 1, through Monterey, Seaside and Del Rey Oaks. During fiscal year 2018/19 the draft report was compiled and released for public comment, including presentations to the three city councils. The corridor study will be presented for approval at the August 2019 TAMC Board meeting.

- Safe Routes to School Plan in Seaside and Marina: Funded by a Caltrans Sustainable Transportation Planning Grant, this project is creating a safe routes to school plan for all K-12 schools in the cities of Seaside and Marina. The planning effort kicked-off in May 2018 and will continue into 2020. Work in FY 18/19 consisted of organizing and facilitating community workshops, developing and managing a project website with a mechanism for online public input, conducting walking audits for 15 schools, meetings with stakeholders, developing a draft list of infrastructure and non-infrastructure recommendations, designing and implementing two on-street "pop-up" demonstrations, conducting bike & pedestrian counts, conducting student and parent surveys and presenting project updates and seeking input from the community at public meetings.

- Regional Conservation Investment Strategy: Funded with a Caltrans Adaptation Planning Grant, this effort will assess the vulnerability of Monterey County's critical habitat and infrastructure to environmental stressors, identify potential strategies to assist with protecting at risk habitat and infrastructure, and establish a mitigation banking credit system to fund implementation of the strategies. The recently adopted Measure X plan includes $5 million in mitigation funding to help implement the strategy. Work will continue throughout fiscal year 2019/20.

- Safe Routes to School Plan, Salinas: The Agency applied for and secured a new Caltrans planning grant to develop a safe routes to school plan for all 42 K-12 schools in the City of Salinas.

Bicycle/Pedestrian Planning: The Agency's additional bike and pedestrian safety improvement activities included: coordination with Caltrans on public outreach for the District 5 Active Transportation Plan; coordination with cities and the County on concept designs for high-priority projects identified in the Monterey County Active Transportation Plan; technical support to review partner agency's draft project designs, distribution of Monterey County bike maps, and the distribution of and responses to Bicycle Facilities Service Request Forms.

Bike Month: The Agency dedicated Transportation Development Act funds for an annual Bike Month education and promotional effort over a three-year funding cycle, to be conducted in coordination with the Bicycle and Pedestrian Advisory Committee. 2018 Bike Month activities included the Go831 Bike/Walk Challenge and Bike to School week events at several elementary schools.

<u>Funding</u>

Measure X: In 2018/19, the Transportation Agency continued to publicize how it is using the money from the Measure X 3/8% transportation sales tax, approved by over two thirds of the voters in November 2016. These efforts include regular quarterly meetings with the Measure X Citizens Oversight Committee, assisting the Oversight Committee with their first Measure X audit report and publishing the results of the audit, as well as providing a project delivery summary in the Agency's annual report. The Transportation Agency also utilized other communication tools including press releases, media interviews, social media postings. workshops and project signage when appropriate.

SB 1 Funding: The Agency participated in many of the workshops, setting the guidelines for various SB 1 funding programs. The Agency programmed its third year of Local

Partnership Program formula funds, allocated as match to the Measure X local transportation sales tax. The Agency was successful in receiving an Active Transportation Program Cycle 4 grant in the amount of $10.4 million for the Fort Ord Regional Trail and Greenway – Highway 218 segment, and $2.1 million for the countywide "Every Child Safe Routes to School" education and traffic gardens project. The Agency has disseminated information to its member agencies on SB 1 funding estimates and reporting requirements and has monitored and provided input on the funding program rules and regulations.

Legislative Monitoring: The Agency continued to work with state and federal legislators on transportation funding issues. Agency staff monitored legislation, updated and promoted the state and federal legislative programs, prepared and updated the state legislative bill list.

Highway 156 West Corridor project – Castroville Blvd Interchange: Caltrans is the implementing agency for the project. Transportation Agency is providing joint project management for the design team, project funding, coordination with local agencies, community outreach and media relations. The Agency staff also hired a consultant to perform roundabout design peer review to support the Caltrans design team.

Regional Development Impact Fee update: The Agency adopted the legally mandated five-year update to the nexus study for the countywide Regional Development Impact Fee program. This process included the technical work needed to update the regional fees to reflect any changes that may have occurred in the past five years, such as: updates to population, employment and housing projections utilized in the regional travel forecast model, the expected pace of development, changes in land use plans including general plan updates, project need and cost, and population growth projections. This update also included an option to add a Fort Ord Reuse Authority zone into the regional fee program.

Fort Ord Reuse Authority coordination: As FORA considers its transition to a new phase or a final sunset, Agency staff have been coordinating with the Authority to provide information on the potential for a transition of the regional and offsite project impact fees into the Regional Development Impact Fee, to assure funding for the regional and offsite projects in the FORA Capital Improvement Program.

Seniors & Disabled Transportation Grants: The Agency reviewed quarterly claims and progress reports submitted by grantees selected during the first grant cycle. Released draft program guidelines and needs assessment for public review regarding potential changes for the second grant cycle covering fiscal years 2020/21, 2021/22, and 2022/23.

Transportation Development Act and Unmet Needs Process: The Agency updated guidelines in October 2018 and continued to administer Transportation Development Act funds in accordance with state law. This work includes coordinating with the Monterey-Salinas Transit Mobility Advisory Committee, which serves as the designated Social Services Transportation Advisory Council, holding annual public hearings regarding unmet transit needs, and compiling a list of unmet transit needs. While all TDA funding is being allocated to transit, the unmet transit needs process serves as a public input tool for MST's short and long-term transit service planning and improvements.

TDA 2% Bike/Ped Funding: The Agency administered and monitored delivery of projects funded by the Transportation Development Act Article 3 bicycle/pedestrian (TDA 2% program) account. Staff prepared agendas for and held meetings of the Bicycle and Pedestrian Facilities Advisory Committee to discuss transportation issues and solicit input for programming future TDA funds to projects over the next three years.

Central Coast Coalition: The Agency continued to coordinate with the Central Coast Coalition to pursue funding and provide input on plans and programs to support needed regional transportation improvements along the US 101 corridor and the Coast Rail line, as well as connections to the corridor (including SR 156).

<u>Project Delivery</u>

Public Involvement Program: The Transportation Agency continued its dedication to informing the public about the Agency's efforts to plan, fund and build projects and programs that enhance the quality of life in Monterey County. Using multiple tools, in both English and Spanish, the agency actively engaged community leaders, agency partners and other stakeholders in project and program development, focusing on the Measure X plan. These tools included utilizing traditional media & social media, community meetings, presentations, panel discussions, focus groups, public hearings, soliciting public input via surveys, the Agency's website, informational marketing materials, the TAMC annual report, e-newsletters, monthly Board highlights report, videos, ribbon-cutting and groundbreaking ceremonies, and print advertisements when appropriate.

Construction Project Information: The Agency continued to publish regular updates about all road construction projects throughout the county in the weekly "TAMC Cone Zone" publication that is sent to community members, the media, and published on the TAMC website and social media platforms. This publication serves as a central point of information and reminds news outlets that TAMC is the premiere source of transportation information in the county.

Holman Highway 68 Roundabout: The Transportation Agency and the City of Monterey continued to receive public praise and awards for this project, the first highway-to-highway roundabout in Monterey County. Since the roundabout was completed in the fall of 2017, the project has received ten awards. The Agency took footage to document how the roundabout performed beautifully during the recent US Open Golf Championship.

Rail to Salinas: Agency staff continued work on the Monterey County Rail Extension, coordinating with Caltrain and the State of California to implement a state-only funded "Kick-Start" project of extending passenger rail service to Salinas. The project includes improvements at Salinas and Gilroy in the near term, and construction of stations at Pajaro/ Watsonville and Castroville when additional funding can be secured. In 2019, the

Agency initiated the construction contract for Package 1: roadway and parking improvements at the Salinas train station. The Agency continued to make progress with the acquisition of right-of-way parcels in Salinas.

Rail Network Integration Study: Agency staff-initiated work on this new study with Caltrans Division of Rail and Mass Transportation and the California State Transportation Agency. This study will lay the groundwork for implementing the State Rail Plan in the Monterey Bay Area by determining the optimal options for: rail connectivity and operations, equipment needs, governance, and community benefits for service between Monterey County and Santa Clara County, Monterey and Santa Cruz, and the Coast Rail Corridor. This study will also assist TAMC by providing the data needed to prepare grant applications for funding new stations at Pajaro/Watsonville, Castroville, Soledad and King City.

Safe Routes to School Program: The Agency continued its efforts to provide bicycle safety education to all 5th grade students and pedestrian safety education to all 2nd grade students throughout the County. The Agency partnered with the Monterey Youth Museum, CSUMB, First 5 Monterey County, Monterey County Libraries and Hijos del Sol to create a travelling children's museum exhibit (MY Town) that teaches traffic safety to young children and their guardians. Agency staff applied for and was awarded an Active Transportation Grant to augment education and create traffic gardens in coordination with the Measure X Safe Routes to School program. This work will begin September 2019.

Member Agency Assistance: Throughout the period, Agency staff assisted member agencies with project development and public information. This assistance included publicizing information on Measure X project construction. The Agency also assisted the Monterey County Public Works Department with recommendations on short-term improvements to San Miguel Canyon Road in conjunction with the County's pavement management program. Staff assisted the City of Marina with engineering design review to widen Imjin Parkway Agency staff assisted the City of Salinas with reviewing design concepts for Boronda Road improvements, Williams Road Improvements, and various complete streets concepts. The Agency also loaned the City of Del Rey Oaks Measure X funding against its future shares to complete the largest package of road reconstruction in the city's history.

<u>Program Operations & Right-of-Way Management</u>

Freeway Service Patrol: The Transportation Agency oversees the Freeway Service Patrol tow truck assistance program in Monterey County, in coordination with state and local representatives from California Highway Patrol and Caltrans, operated by local contractors. Partnering with the local Highway Patrol office, the Agency continued to hold localized quarterly training for tow truck operators.

SAFE Callbox Motorist Assistance: The Agency continued to administer the Monterey County call box motorist assistance program, including renewal, management and monitoring the contract with and performance of the call center. The Agency also managed a call box maintenance contract, which includes site improvements for call box accessibility. During this fiscal year, staff continued discussions with Caltrans and is awaiting their approval of a modernization program to remove call boxes from underutilized corridors and install call boxes along corridors lacking cell phone service.

Commuter Assistance – Go831: TAMC rebranded its rideshare and traveler information program as "Go831". The Agency selected RideAmigos, a transportation demand management software platform, to make it easier for drivers in Monterey County to find alternatives to driving alone and provide travel data to be used for analysis and future planning. Agency staff used the RideAmigos platform to run the annual Monterey County Bike Walk Challenge in May and to manage the Commute Challenge in October. Agency staff will continue to work with major employers and the regional non-profit, Monterey Bay Economic Partnership over the next years of the program to initiate, support and enhance employer commute programs. TAMC also coordinated with Caltrans on the kickoff of their Carmel to Cambria transportation demand management study.

Property Management & Easements: Agency staff worked with various parties to assure that their requests for easements did not reduce the viability of future transit service along the Monterey Branch Line right-of-way. Staff had branch line easement discussions with: California American Water regarding the location of a water pipeline linear easement and began developing an agreement; the City of Sand City regarding an easement for an extension of California Avenue and shared parking near Contra Costa Street; and California State Parks regarding crossing of balloon spur for the Fort Ord Dunes State Park Campground project. The Agency also performed routine maintenance and managed leases on the Monterey Branch Line right-of-way. Staff also reviewed two unsolicited proposals for recreational operations on the Monterey Branch Line. The Agency brought on a retired annuitant who has worked on improving building security, assessing hazardous materials assessment and clean up needs, determining utility locations and developing scenarios for property development.

Financial Highlights

Net Position of the Agency increased from $26,876,482 on June 30, 2018, to $27,503,234 on June 30, 2019. The Agency has unassigned fund balance of $6,999,339 as of June 30, 2019. The Agency requires the maintenance of unassigned reserves equal to six months of operating expenditures. Of the $6,999,339 in unassigned fund balance, $1,735,070 is reserved for six months of cash flow for the operating budget for FY 2019/2020.

Transportation Agency for Monterey County Revenues and Expenditures

The Agency revenues during FY 2018/2019 were $8,161,020, consisting primarily of $6,352,135 in state funds. Other revenues included $224,592 in federal funds, and $1,584,293 in local funds.

The Agency budget separates expenditures into two types: operating and direct program. Operating expenditures include the staff's salaries and benefits, materials and services, and equipment purchases. Direct program expenditures include outside consultants, contracts, expenditures that apply to a specific work program task, such as the rail program, highway projects and bicycle and pedestrian program. The Agency expenditures for the same period included $2,409,699 in operating expenditures, and $6,080,676 in direct program costs.

Direct program activities are described above in the Work Program Highlights section. The major portion of the direct program costs were $354,148 for Freeway Service Patrol, $89,171 for Call Boxes (SAFE), $33,207 for Ride Share, $65,426 for Rail and FORA Property, $64,561 for Public Outreach, $286,866 for FORTAG, $72,648 for Complete Streets Project Management, $110,931 for Pajaro to Prunedale Study, $231,940 for Seaside/Marina Safe Routes to School, $41,218 for Commuter Rail Leases and $4,284,800 in rail program expenditures for Salinas Rail Extension activities.

The Agency operating expenses of $2,409,699 included 85.0% for personnel costs and the remainder for materials, services, and equipment purchases. The operating expenses in FY 2018/2019 were 1.0% more than the previous fiscal year. This was primarily due to an increase in salaries and pension related costs and a decline in materials and services. A payment of $550,842 towards the unfunded pension liability was paid in FY15/16. However, for reimbursement purposes, Caltrans requires the Agency to book the expense of the unfunded liability over a 5-year period ($110,168/year).

Overall Financial Position

The overall financial position of the Agency decreased during FY 2018/2019, with the total fund balance decreasing from $13,458,160 to $13,121,500. The funding sources for the Agency's operating program include Federal Planning Funds, State Rural Planning Assistance, Planning, Programming and Monitoring Funds, Local Transportation Funds, State support for the tow truck program and the call boxes, local contributions to regional transportation planning activities, Federal, State and local grants and local Transportation and Safety Investment Plan. State and Federal grants for the direct programs such as rail, highway, and bicycle/pedestrian projects vary from fiscal year to year, depending on the project activities.

Highlights of the Transportation Agency for Monterey County funds

In FY 2018/2019, the Transportation Agency for Monterey County continued to follow the requirements of Governmental Accounting Standards Board Statement No 54, (GASB 54)Fund Balance Reporting and Governmental Fund Type Definitions. GASB 54 establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for government funds. Fund balances, presented in the governmental fund financial statements, represent the difference between assets and liabilities reported in a government fund.

The Agency has implemented Governmental Accounting Standard Board (GASB) Statement 68, Accounting and Financial Reporting for Pensions. This statement is effective for periods beginning after June 15, 2014. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This statement replaces the requirements of GASB Statement No 27, Accounting for Pensions by State and Local Governmental Employers as well as the requirements of GASB Statement 50, Pension Disclosures. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to pensions. GASB 68 requires that governments who provide defined benefit pension plans to their employees are required to record and reflect the net long-term liabilities (the difference between plan assets and actuarial plan liabilities) associated with such plans. In many cases, this results in a significant reduction of fund net position (or equity). At June 30, 2019, the Agency reported a liability of $451,902 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018.

The Agency has also implemented Governmental Accounting Standard Board (GASB) Statement 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. This statement was effective for periods beginning after June 15, 2014. The objective of this Statement is to address an issue regarding application of the transition of GASB Statement No. 68.

The Agency was required to implement GASB Statement No. 75 for the fiscal year ending June 30, 2018. In June 2015, the Governmental Accounting Standards Board (GASB) changed its approach in regard to reporting on other postemployment benefits, or OPEB (e.g., retiree healthcare and other retiree benefits aside from defined benefit pension). The prior approach, under GASB Statement No. 45, required that each agency report as a liability the difference between its actual OPEB contribution and its actuarially required contribution. The new approach, GASB Statement No.75 (GASB 75) is similar to that of GASB 68 for pension reporting: It requires that the net OPEB liability (total OPEB liability less fair value of assets) be presented on the Agency's government-wide statement of net position (balance sheet). At June 30, 2019, the Agency reported a liability of $472,416 for other postemployment benefits.

Over the 12-month period from July 1, 2018 to June 30, 2019, the reserves for the call box program increased, from $1,639,176 to $1,736,114. The reserves for the Freeway Service Patrol tow truck program decreased from $316,538 to $0 as the Agency used prior unspent funds from the reserves for this program in this fiscal year. If the reserve funds were not used, the money would have had to be returned to the state as it can only be used for this activity. Going forward, the Agency will be reimbursed for actual eligible expenses on a quarterly basis. Designations for capital replacement of $114,586 was merged into the unassigned fund balance. The unassigned fund balance increased from $4,724,584 to $6,999,339. This was primarily due to the deposits that had been held for acquiring properties for the Salinas Rail Extension project in the prior fiscal year.

The Agency trust balances increased by a total of $10,516,601 during FY 2018/2019, as the local member agencies claims for previously obligated funds were less than the revenue received and due to unspent Measure X revenues. This resulted in the following net assets as of June 30, 2019:

♦ Local Transportation Fund	$ 3,146,306
♦ State Transit Assistance Fund	$ 1,722
♦ Regional Surface Transportation Program	$13,030,206
♦ Transportation Safety & Investment Plan	$23,105,721
TOTAL TRUST FUNDS	$39,283,955

Budget Variances

The Agency's actual operating expenditures for FY 2018/2019 were below the budgeted expenditures by $872,978. Direct program expenditures were $12,868,933 less than budgeted due to less than anticipated activity on certain projects, primarily for the Salinas Rail Extension project.

Long-term debt of the Agency consists of a reserve for compensated absences of employees, Other Post-Employment Benefits, pension liability, and a reimbursement agreement with Caltrans which had a balance on June 30, 2019 of $1,610,414.

Current Financial Issues and Concerns

The passage of Measure X in 2016 and Senate Bill 1 in 2017 (and upholding by the voters in 2018) have made Agency revenues more stable. While state planning and programming revenues remain flat, Measure X administrative and project revenues have provided additional funding (as well as additional workload). Measure X allows 1% of revenues to be charged to staff time for administration activities and allows project management time to be charged to regional projects and programs.

Senate Bill 1 resulted in a greater level of certainty for transportation funding, but much of that funding is through competitive grants. In the reporting period, the Transportation Agency secured or assisted in securing over $20 million in such competitive funds, but future success is not guaranteed. These include recent grants for work on the SR 218 Canyon Del Rey Corridor and Pajaro to Prunedale Corridor Studies and the Seaside –

Marina Safe Routes to School study. While the Agency has been quite successful in receiving several federalized competitive planning grants, TAMC has not received PL formula funds from the Association of Monterey Bay Area Governments since FY2014/15.

A chief financial risk is that sales tax revenues will fall when the economy declines, which is in fact long overdue. Another risk is that continued reliance on gas taxes as the primary source of state and federal revenues is not sustainable, but transition to a revenue source that is less reliant on gas-fueled vehicles has been slow. Federal grants are increasingly competitive, rather than formula funds, and the Agency has also not been successful in securing federal competitive grants. In addition, the 2020 STIP fund estimate is not as robust as originally anticipated, due to prior actions related to the sales tax on gasoline; in future years, this funding source is expected to rebound. To mitigate these funding uncertainties, the Agency continues to control expenditures to stay within its budget and maintain a prudent cash reserve.

Cash flow delays have also been minimized by the implementation of an electronic fund transfer system that results in the timely transfers of state and federal grants to the Agency. Payments to consultants and contractors are closely coordinated with claims to state and federal funding sources to assure prompt reimbursement to the Agency. The Agency pays claims submitted by its local jurisdictions in a timely manner, so that local agencies have prompt access to their funds held in trust by the Transportation Agency for Monterey County.

Continuing to secure new revenue sources to meet existing and increasing transportation needs remains an activity which the Agency actively engages in. The Transportation Agency for Monterey County continues to work with the California Transportation Commission, Caltrans, the State Legislature and the federal government to secure sufficient funding to construct its priority projects, with emphasis on Measure X projects and the Salinas Rail Extension.

The countywide traffic impact fee will provide additional funding for future regional roadway projects, but at a reduced rate than expected due to slower than projected land use development. The prospects for new federal transportation funding are uncertain; there is still discussion about an infrastructure funding package but there are no concrete proposals.

Last year's uncertainty related to unresolved contractor claims associated with the construction of the Salinas Road Interchange has been addressed with funding to be absorbed by the state. The Agency recently learned that the outstanding claim against the US 101 Prunedale Improvement Project was able to be funded within available project revenues, removing another fiscal uncertainty.

During the period, the Agency made its fourth payment to the State of California towards the audit-related liability of $821,858.90. This liability will be paid back with no interest over a ten-year period out of unassigned reserve funds, as approved by the Board of

Directors. In early 2016, the Agency completed its *Audit Action Plan*, and finalized all the remaining documents in that plan. To assure compliance with changing state and federal requirements, the Agency conducts ongoing training of staff and updates to its procurement and other policies.

More Information

Anyone seeking clarification, having questions, or desiring more information about the topics discussed in this Management's Discussion and Analysis is requested to contact the Transportation Agency for Monterey County office at: info@tamcmonterey.org or by calling 831-775-0903. You may also access the Agency website at www.tamcmonterey.org to view copies of the fiscal and performance audits and budgets.

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
STATEMENT OF NET POSITION
June 30, 2019

	Governmental Activities
ASSETS	
Cash and investments	$ 10,262,309
Receivables	2,001,055
Deposit - escrow	1,849,560
Prepaid expenditures	11,607
Capital assets:	
Nondepreciable	15,627,007
Depreciable - net	43,328
Total assets	29,794,866
DEFERRED OUTFLOWS OF RESOURCES	
OPEB	28,658
Pensions	529,147
Total deferred outflows of resources	557,805
LIABILITIES	
Accounts payable	951,327
Accrued expenses	41,783
Unearned revenue	9,921
Reimbursement agreement - due in one year	82,186
Noncurrent liabilities	
Due in more than one year	1,528,228
Total liabilities	2,613,445
DEFERRED INFLOWS OF RESOURCES	
OPEB	29,937
Pensions	206,055
Total deferred inflows of resources	235,992
NET POSITION	
Net investment in capital assets	15,670,335
Restricted:	
Cal Am Water	23,803
SAFE	1,736,114
Unrestricted	10,072,982
Total net position	$ 27,503,234

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2019

		Program Revenues		
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
Transportation	$ 7,526,963	$ -	$ 7,630,544	$ -
Total governmental activities	$ 7,526,963	$ -	$ 7,630,544	$ -

General Revenues
Investment income
Lease revenue

Total general revenues

Change in net position

Net position, beginning of fiscal year

Restatements

Net position, beginning of fiscal year, restated

Net position, end of fiscal year

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

Net (Expense) Revenue and Changes in Net Position
$ 103,581
103,581
251,416
279,060
530,476
634,057
26,876,482
(7,305)
26,869,177
$ 27,503,234

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	$ 14,124,531
Liabilities and Fund Balance	
Liabilities:	
Accounts payable	$ 951,327
Accrued expenditures	41,783
Unearned revenue	9,921
Total liabilities	1,003,031
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	13,121,500
Total liabilities and fund balance	$ 14,124,531

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
RECONCILIATION OF THE GOVERNMENTAL
FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2019

Total Fund Balance - Governmental Fund			$	13,121,500
Amounts reported for governmental activities in the statement of net position are different because:				
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.				
Capital assets at historical cost	$	15,908,203		
Accumulated depreciation		(237,868)		
Net				15,670,335
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:				
Compensated absences	$	192,981		
Reimbursement agreement		493,115		
OPEB liability		472,416		
Net pension liability		451,902		
				(1,610,414)
Deferred outflows and inflows of resources relating to pensions and OPEB: In governmental funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions and OPEB are reported.				
Deferred inflows of resources relating:				
to pensions	$	(206,055)		
to OPEB		(29,937)		
Deferred outflows of resources relating:				
to pensions		529,147		
to OPEB		28,658		
				321,813
Total Net Position - Governmental Activities			$	27,503,234

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

	General Fund
Revenues:	
Federal Revenues:	
SR 156 Project Management	$ 10,910
Pajaro to Prunedale	133,143
SR 218 Corridor Improvements	80,539
	224,592
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
	6,352,135
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
	1,584,293
Total revenues	8,161,020
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	8,490,375
Excess (deficiency) of revenues over expenditures	(329,355)
Fund balance, beginning of fiscal year	13,458,160
Restatements	(7,305)
Fund balance, beginning of fiscal year, restated	13,450,855
Fund balance, end of fiscal year	$ 13,121,500

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2019

Net change in fund balance - governmental fund	$	(329,355)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which the additions to capital assets of $2,409,910 less the loss on disposition of $1,374,397 is more than the depreciation expense of $99,439 in the period.		936,074
In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This fiscal year, vacation earned was more than the amount used by $6,061.		(6,061)
In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This fiscal year, the difference between accrual-based OPEB costs and actual employer contribution was:		(34,366)
In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities.		82,186
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:		(14,421)
Change in net position - governmental activities	$	634,057

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The transportation planning process for Monterey County is performed by staff of the Transportation Agency for Monterey County (TAMC). The Agency operates in cooperation with the Association of Monterey Bay Area Governments to support the regional transportation planning process.

California Assembly Bill 1886, authorized changes in the Monterey County Transportation Agency membership as of January 1, 1993. The Agency was reorganized at that time as the Transportation Agency for Monterey County (TAMC), and now encompasses the Congestion Management Agency, the Local Transportation Agency, the Regional Transportation Planning Agency, and the Service Authority for Freeways and Expressways.

A. The Reporting Entity

The Agency is comprised of five members of the Monterey County Board of Supervisors and one member appointed from each incorporated city within Monterey County. Accordingly, these financial statements present only the activities of the Transportation Agency for Monterey County and are not intended to present fairly the financial position and results of operations of the County of Monterey in conformity with accounting principles generally accepted in the United States of America.

The Cities and County of Monterey approve annual allocations under the Transportation Development Act (TDA), Section 99400 (a) to support the planning process. The Agency also receives TDA funds for administration under Section 99233.1. In addition, the Cities and County contribute funds to support the Congestion Management Program. The Agency also receives funding from various other governmental agencies to support the transportation planning process.

The reporting entity is the Transportation Agency for Monterey County. There are no component units included in this report which meets the criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity,* as amended by GASB Statements No. 39, No. 61, and No. 80.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Agency. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

Government-wide Financial Statements (Continued):

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Agency's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The Agency does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Agency, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Agency.

Fund Financial Statements:

Fund financial statements report detailed information about the Agency. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases, (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

Revenues – exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Agency, "available" means collectible within the current period or within 60 days after fiscal year-end.

Non-exchange transactions, in which the Agency receives value without directly giving equal value in return, include property taxes, and grants. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the Agency must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the Agency on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. **Basis of Accounting (Continued)**

Expenses/expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first then unrestricted resources as they are needed.

E. **Fund Accounting**

The accounts of the Agency are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operating of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, revenues, and expenditures/expenses. The Agency's resources are allocated to and accounted for in individual funds based upon the purpose for which they are being spent and the means by which spending activities are controlled. The Agency's accounts are organized into major and fiduciary funds, as follows:

Major Governmental Fund:

General Fund – The operating fund of the Agency. It is used to account for all financial resources except those required to be account for in another fund.

Fiduciary Funds:

Trust funds are used to separately account for assets held by the Transportation Agency for Monterey County in a trustee capacity. Trust funds are mandated by legislature or by contract terms. TAMC exercises oversight responsibility for the following trust funds.

Local Transportation Fund (LTF)
State Transit Assistance Fund (STA) – This fund also includes the SB1 State of Good Repair transit funding.
State Highway Account Fund (SHA)
Transportation Safety and Investment Plan Account Fund (Measure X)

F. **Budgets**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the major funds. All annual appropriations lapse at fiscal year end.

G. **Cash and Investments**

The Agency holds its cash in the County of Monterey Treasury. The County maintains a cash and investment pool, and allocates interest to the various funds based upon the average monthly cash balances. Investments are stated at fair value.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair value at the date of the contribution. Capital assets are defined by the Agency as assets with an initial, individual cost of more than $5,000 and estimated useful life in excess of two years.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the governmental column in the government-wide financial statements. Depreciation is charged as an expense against operations and the capital assets, net of accumulated depreciation, is reported on the statement of net position. The estimated useful lives are as follows:

Equipment	3 to 7 years
Buildings and improvements	10 to 20 years

I. Unearned Revenue

Cash is received for federal and state special projects and programs and recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent cash received on specific projects and programs exceed qualified expenditures.

J. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities," the Agency recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The Agency has two items which qualify for reporting in this category; refer to Note 6 and Note 7 for a detailed listing of the deferred outflows of resources the Agency has reported.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the Agency that is applicable to a future reporting period. The Agency has two items which qualify for reporting in this category; refer to Notes 6 and 7 for a detailed listing of the deferred inflows of resources the Agency has reported.

K. Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term liabilitiess are reported as liabilities in the statement of net position. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

L. Compensated Absences

All vacation pay plus related payroll taxes is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Accumulated employee sick leave benefits are not recognized as liabilities of the Agency. The Agency's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balance Reserves and Designations

Reservations of the ending fund balance indicate the portions of fund balance not appropriable for expenditure or amounts legally segregated for a specific future use.

Designations of the ending fund balance indicate tentative plans for financial resource utilization in a future period.

N. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the American Institute of Certified Public Accountants, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

O. Fund Balances

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the Agency's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – represents amounts which the Agency intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the Agency.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the Agency considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Agency considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

<u>Minimum Fund Balance</u>
The Agency holds a six-month fund balance reserve for general operations within the unassigned fund balance in the general fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. **Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Agency's California Public Employee's Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. **Other Postemployment Benefits (OPEB)**

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Agency's plan (OPEB Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

R. **Future Accounting Pronouncements**

GASB Statements listed below will be implemented in future financial statements:

Statement No. 84	"Fiduciary Activities"	The provisions of this statement are effective for fiscal years beginning after December 15, 2018.
Statement No. 87	"Leases"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
Statement No. 89	"Accounting for Interest Cost Incurred before the End of a Construction Period"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
Statement No. 90	"Majority Equity Interests-an Amendment of GASB Statements No. 14 and No. 61"	The provisions of this statement are effective for fiscal years beginning after December 15, 2018.
Statement No. 91	"Conduit Debt Obligations"	The provisions of this statement are effective for fiscal years beginning after December 15, 2020.

NOTE 2 - CASH AND INVESTMENTS

The Agency maintains most of its cash in the County of Monterey Treasury. The County Treasurer pools and invests the Agency's cash with other funds under her control. Interest earned on pooled investments is apportioned quarterly into participating funds based upon each fund's average daily deposit balance. Any investment gains or losses are proportionately shared by all funds in the pool.

On June 30, 2019 the Agency had the following cash and investments on hand:

Cash and investments with County Treasurer	$ 45,996,549
Petty cash	200
Cash in bank	190,093
Total cash and investments	$ 46,186,842

NOTE 2 - CASH AND INVESTMENTS (Continued)

Cash and investments listed above are presented on the accompanying basic financial statements as follows:

Cash and investments, statement of net position	$ 10,262,309
Cash and investments, statement of fiduciary net position	35,924,533
Total cash and investments	$ 46,186,842

The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These principles recognize a three-tiered fair value hierarchy. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District had investments in the Monterey County Investment Pool, however, this external pool is not measured under Level 1, 2 or 3.

Investments Authorized by the Agency's Investment Policy

The Agency's investment policy only authorizes investment in the local government investment pool administered by the County of Monterey. The Agency's investment policy does not contain any specific provisions intended to limit the Agency's exposure to interest rate risk, credit risk, and concentration of credit risk.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Agency manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the Agency's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Agency's investments by maturity:

		Remaining Maturity (in Months)			
Investment Type	Carrying Amount	12 Months or Less	13-24 Months	25-60 Months	More than 60 Months
County of Monterey Treasury Pool	$ 45,996,549	$ 45,996,549	$ -	$ -	$ -
Total	$ 45,996,549	$ 45,996,549	$ -	$ -	$ -

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization. Presented below, is the minimum rating required by the California Government Code and the Agency's investment policy, and the actual rating as of fiscal year end for each investment type.

				Rating as of Fiscal Year End		
Investment Type	Carrying Amount	Minimum Legal Rating	Exempt from Disclosure	AAA	AA	Not Rated
County of Monterey Treasury Pool	$ 45,996,549	N/A	$ -	$ -	$ -	$ 45,996,549
Total	$ 45,996,549		$ -	$ -	$ -	$ 45,996,549

NOTE 2 - CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk

The investment policy of the Agency contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total Agency's investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the Agency's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2019, none of the Agency's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as County of Monterey Treasury Investment Pool).

Investment in County of Monterey Treasury Investment Pool

The Agency is a participant in the County of Monterey Treasury Investment Pool that is regulated by the California Government Code. The fair value of the Agency's investment in this pool is reported in the accompanying basic financial statements at the amounts based upon the Agency's pro-rata share of the fair value provided by the County of Monterey Treasury Investment Pool for the entire County of Monterey Investment Pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County of Monterey Treasury Investment Pool, which are recorded on an amortized cost basis.

NOTE 3 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Capital assets, not being depreciated				
Right of Way	$ 13,217,097	$ 1,486,511	$ -	$ 14,703,608
Construction in progress		923,399		923,399
Total capital assets, not being depreciated	$ 13,217,097	$ 2,409,910	$ -	$ 15,627,007
Capital assets, being depreciated				
Building	$ 1,692,991	$ -	$ 1,692,991	$ -
Leasehold improvements	24,293			24,293
Equipment	256,903			256,903
Total capital assets, being depreciated	1,974,187		1,692,991	281,196
Less accumulated depreciation	457,023	99,439	318,594	237,868
Total capital assets, being depreciated, net	$ 1,517,164	$ (99,439)	$ 1,374,397	$ 43,328
Governmental activities, capital assets, net	$ 14,734,261	$ 2,310,471	$ 1,374,397	$ 15,670,335

NOTE 4 - LONG-TERM LIABILITIES

The following is a summary of long-term liability activity for the fiscal year ended June 30, 2019:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Due within One Year
Compensated absences	$ 186,920	$ 72,838	$ 66,777	$ 192,981	$ -
Reimbursement agreement	575,301		82,186	493,115	82,186
OPEB liability	404,140	76,853	8,577	472,416	
Net pension liability	492,754	104,700	145,552	451,902	
Total	$ 1,659,115	$ 254,391	$ 303,092	$ 1,610,414	$ 82,186

NOTE 5 - CALTRANS REIMBURSEMENT AGREEMENT

Effective June 30, 2015, TAMC entered into a reimbursement agreement with Caltrans as a settlement agreement to reimburse Caltrans for a total of $821,859 as a result of a Caltrans audit of amendments to contracts for the Rail to Salinas Extension project work. TAMC shall pay, without interest, 10 equal payments by November 30 annually beginning November 30, 2015. As of June 30, 2019, the remaining balance of the agreement is $493,115.

NOTE 6 - PENSION PLAN

A. General Information about the Pension Plans

Plan Descriptions

The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the assumptions for funding purposes, but not accounting purposes, and membership information is listed in the June 30, 2017 GASB 68 actuarial valuation report for the Miscellaneous risk pool. Details of the benefits provided can be obtained from Appendix B of the June 30, 2017 actuarial valuation report for the CalPERS Miscellaneous risk pool. This report is a publicly available valuation report that can be obtained at CalPERS' website under Forms

NOTE 6 - PENSION PLAN (Continued)

A. General Information about the Pension Plans (Continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Classic Plan members with five years of total service are eligible to retire at age 50 and new members/PEPRA Plan members with five years of total service are eligible to retire at age 52, with statutorily reduced benefits. All members are eligible for nonduty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous	
	Prior to	On or after
Hire Date	January 1, 2013	January 1, 2013
Benefit formula	2.0% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	52-67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7%	6.250%
Required employer contribution rates	9.409% + $10,959	6.842% + $679

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Agency is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions to the pension plan from the Authority were $145,552 for the fiscal year ended June 30, 2019.

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2018, the Agency reported a liability of $451,902 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018 using standard roll-forward procedures. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At June 30, 2018, the Authority's proportion was 0.01199%, which increased by 0.00051% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Agency recognized pension expense of $47,411. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2019, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 6 - PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 17,339	$ 5,900
Changes in assumptions	51,518	12,626
Net difference between projected and actual earnings on retirement plan investments	2,234	
Changes in proportion	212,276	101,074
Differences between acutal contributions and proportionate share of contributions	100,228	86,455
Agency contributions subsequent to the measurement date	145,552	
	$ 529,147	$ 206,055

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

$145,552 reported as deferred outflows of resources related to pensions resulting from Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as the pension expense as follows:

Fiscal Year Ending June 30,	Amount
2020	$ 91,914
2021	72,147
2022	17,543
2023	(4,064)
	$ 177,540

Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.00%
Mortality	Derived using CalPERS' Membership Data for all Funds (1)

(1) The mortality table used was developed based on CalPERs' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 905 of Scale MP 2016. For more details on this table please refer to the December 2017 experience study report.

NOTE 6 - PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Change in Assumptions

In December 2017, the CalPERS Board adopted new mortality assumptions for plans participating in the Public Employees' Retirement Fund (PERF). The mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90 percent scale MP 2016 published by the Society of Actuaries. The inflation assumption was reduced from 2.75 percent to 2.50 percent. The assumptions for individual salary increase and overall payroll growth were reduced from 3.00 percent to 2.75 percent.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for public agency plans (including PERF C), CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on testing the plans, the tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund, including PERF C. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB No. 68 section.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2022. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB No. 67 and No. 68 calculations through at least the 2021-22 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits were calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10(a)	Real Return Years 11+(b)
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	0.92%
Total	100.0%		

(a) An expected inflation of 2.00% was used for this period.
(b) An expected inflation of 2.92% was used for this period.

NOTE 6 - PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in Discount Rate

The following represents the Agency's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.15 percent) or 1- percentage point higher (8.15 percent) than the current rate:

	1% Decrease 6.15%.	Discount Rate 7.15%	1% Increase 8.15%
Agency's proportionate share of the net pension plan liability	$1,214,368	$ 451,902	$ (177,502)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

C. Payable to Pension Plan

At June 30, 2019, the Agency had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2019.

NOTE 7 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

Plan administration. The Agency provides post-retirement medical coverage through CalPERS under the Public Employees Medical and Hospital Care Act (PEMHCA), also referred to as PERS Health.

Benefits provided. The Agency offers the same medical plans to its retirees as to its active employees, with the general exception that upon reaching age 65 and becoming eligible for Medicare, the retiree must join one of the Medicare Supplement coverages offered under PEMHCA.

Employees become eligible to retire and receive Agency-paid healthcare benefits upon attainment of age 50 and 5 years of covered PERS service, or by attaining qualifying disability retirement status. The Agency's contribution on behalf of retirees is the same as for active employees - 100% of the PEMHCA premium for retiree and covered dependents, but not to exceed $136 per month. Benefits continue for the lifetime of the retiree with survivor benefits extended to surviving spouses for PERS annuitants who elect pension options with survivor benefits.

The Agency pays a 0.31% of premium administrative fee on behalf of employees and retirees.

Employees Covered

As of July 1, 2017, actuarial valuation, the following current and former employees were covered by the benefit terms under the Agency's Plan:

Active plan members	13
Inactive plan members or beneficiaries currently receiving benefits	3
Total	16

Contributions

The Agency currently finances benefits on a pay-as-you-go basis. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement Number 75.

NOTE 7 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

OPEB Liability

The Agency's OPEB Liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of July 1, 2017. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial assumptions. The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.00%
Healthcare cost trend rate	5.00%

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Actuarial assumptions used in the July 1, 2017 valuation were based on a review of plan experience during the period July 1, 2015 to June 30, 2017.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. To achieve the goal set by the investment policy, plan assets will be managed to earn, on a long-term basis, a rate of return equal to or in excess of the target rate of return of 3.13 percent.

Discount rate. GASB 75 requires a discount rate that reflects the following:

a) The long-term expected rate of return on OPEB plan investments — to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher — to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the Agency's total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected Return of Plan Investments (if any)	Municipal Bond 20 Year High Grade Rate Index	Discount Rate
June 30, 2018	June 30, 2018	4.00%	3.62%	3.62%
June 30, 2019	June 30, 2019	4.00%	3.13%	3.13%

NOTE 7 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Changes in the OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018 (Valuation Date July 1, 2017)	$ 404,140
Changes recognized for the measurement period:	
Service cost	29,259
Interest	14,476
Changes of assumptions	33,118
Contributions - employer	
Net investment income	
Benefit payments	(8,577)
Administrative expense	
Net Changes	68,276
Balance at June 30, 2019 (Measurement Date June 30, 2019)	$ 472,416

Changes in assumptions: The change of assumptions reflect a change in the discount rate from 3.62% in 2018 to 3.13% in 2019.

Sensitivity of the OPEB liability to changes in the discount rate. The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.13 percent) or 1-percentage-point higher (4.13 percent) than the current discount rate:

	1% Decrease 2.13%	Discount Rate 3.13%	1% Increase 4.13%
OPEB Liability	$ 551,783	$ 472,416	$ 380,887

Sensitivity of the OPEB liability to changes in the healthcare cost trend rates. The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (5.00 percent decreasing to 4.00 percent) or 1-percentage point higher (7.00 percent decreasing to 6.00 percent) than the current healthcare cost trend rates:

	1% Decrease 4.00%	Trend Rate 5.00%	1% Increase 6.00%
OPEB Liability	$ 434,769	$ 472,416	$ 521,379

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019, the Agency recognized OPEB expense of $42,943. As of the fiscal year ended June 30, 2019, the Agency reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ -	$ -
Change in assumptions	28,658	29,937
	$ 28,658	$ 29,937

NOTE 7 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Fiscal year ending June 30,		Amount
2020	$	(792)
2021		(792)
2022		(792)
2023		(792)
2024		(792)
Thereafter		2,681
	$	(1,279)

NOTE 8 - NET POSITION

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position that is *net investment in capital assets* consist of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. *Restricted net position* is the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. *Unrestricted net position* consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

NOTE 9 - LOAN RECEIVABLE

The Agency entered into a loan receivable agreement on August 23, 2017 with the City of Gonzales. Through the agreement, the City is authorized to receive up to a $2.5 million loan from TAMC's Transportation Safety and Investment Plan Account Fund be repaid with interest at 2.5% from the City's share of Measure X revenues for the City's Alta Street Rehabilitation project. As of June 30, 2019, the City has drawn $2,500,000, accrued interest of $56,753, and repaid $392,484 for a net loan receivable of $2,164,269.

The Agency entered into a loan receivable agreement on December 6, 2018 with the City of Del Rey Oaks. Through the agreement, the City is authorized to receive up to a $861,300 loan from TAMC's Transportation Safety and Investment Plan Account Fund to be repaid with interest at 2.5% from the City's share of Measure X revenues for the Del Rey Oaks Slurry Seal project. As of June 30, 2019, the City has drawn $677,020, accrued interest of $1,913, and repaid $45,553 for a net loan receivable of $633,380.

NOTE 10 - SENATE BILL 1 – STATE OF GOOD REPAIR

The Road Repair and Accountability Act of 2017, Senate Bill (SB) 1 (Chapter 5, Statues of 2017), signed by the Governor on April 28, 2017, includes a program that will provide additional revenues for transit infrastructure repair and service improvements. This investment in public transit will be referred to as the State of Good Repair program. This program provides funding of approximately $105 million annually to the State Transit Assistance (STA) Account. These funds are to be made available for eligible transit maintenance, rehabilitation and capital projects.

This program demonstrates California's commitment to clean, sustainable transportation, and the role that public transit plays in that vision. While SB 1 addresses a variety of transportation needs, this program has a specific goal of keeping transit systems in a state of good repair, including the purchase of new transit vehicles, and maintenance and rehabilitation of transit facilities and vehicles. These new investments will lead to cleaner transit vehicle fleets, increased reliability and safety, and reduced greenhouse gas emissions and other pollutants.

NOTE 10 - SENATE BILL 1 – STATE OF GOOD REPAIR (Continued)

For the fiscal year ended June 30, 2019, the Transportation Agency for Monterey County received $777,147. The funding was distributed to the Monterey-Salinas Transit.

NOTE 11 - CONTENGENCIES

According to Agency's staff and attorney, no contingent liabilities are outstanding and no lawsuits are pending of any real financial consequence.

NOTE 12 - RESTATEMENTS

A restatement of ($7,305) on the government-wide and government fund statements was to adjust for understated accounts payable for unused Freeway Service Patrol funding in the prior fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Federal Revenues:				
SR 156 Project Management	$ 50,000	$ 50,000	$ 10,910	$ (39,090)
Pajaro to Prunedale	159,800	159,800	133,143	(26,657)
SR218 Corridor Improvements	97,400	97,400	80,539	(16,861)
	307,200	307,200	224,592	(82,608)
State Revenues:				
TCRP	8,410,726	8,410,726	3,532,036	(4,878,690)
Freeway Service Patrol	459,743	459,743	95,682	(364,061)
SAFE	329,457	329,457	391,653	62,196
Rural Planning Assistance	447,000	450,368	393,271	(57,097)
Planning, Programming and Monitoring	231,000	231,000	231,000	
RSTP & RSTPP	149,240	149,240	148,611	(629)
Local Transportation Fund	935,985	935,985	1,056,602	120,617
Prop 116 Rail Bond	2,819,001	2,819,001		(2,819,001)
SRTS Marina Seaside	260,114	260,114	231,218	(28,896)
Mo. County Regional Cons. Strategy		131,630	66,589	(65,041)
Mo. Bay Rail Network Integ Study		100,000	36,685	(63,315)
PTA-STIP	6,000,000	6,000,000	25,355	(5,974,645)
FORTAG Environmental Phase			143,433	143,433
	20,042,266	20,277,264	6,352,135	(13,925,129)
Local Revenues:				
CMP	243,076	243,076	243,076	
Interest			251,416	251,416
Lease revenue - MBL Row and Commuter Rail	92,000	192,000	279,060	87,060
RDIF	10,000	10,000	10,000	0
Cal Am Water			55,000	55,000
CTC Sponsor			2,399	2,399
Miscellaneous			243	243
Measure X - Materials and Services	10,000	10,000	21,612	11,612
Measure X - Administration	200,000	200,000	163,601	(36,399)
Measure X - Projects/Programs	432,469	432,469	557,886	125,417
Measure X - Regional Conservation Strategy		17,054		(17,054)
	987,545	1,104,599	1,584,293	479,694
Total revenues	21,337,011	21,689,063	8,161,020	(13,528,043)

continued

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Expenditures:				
Salaries and wages	$ 1,841,757	$ 1,928,091	$ 1,528,094	$ 399,997
Fringe benefits	832,013	832,013	519,175	312,838
Total personnel	2,673,770	2,760,104	2,047,269	712,835
Services and supplies	522,573	522,573	362,430	160,143
Total operating expenditures	3,196,343	3,282,677	2,409,699	872,978
Direct Programs:				
0000 Unallowable	82,186	82,186	82,186	
1000 Leadership Training	25,000	25,000	14,430	10,570
1020 Triennial Audit			157	(157)
1122 Legislative Advocacy	36,000	36,000	36,260	(260)
1130 Public Involvement	70,000	100,000	64,561	35,439
1770 Freeway Service Patrol (FSP)	419,743	419,743	354,148	65,595
1780 Call Boxes (SAFE)	147,457	147,457	89,171	58,286
1790 Rideshare	42,000	42,000	33,207	8,793
2310 Data Collection	27,040	27,040	29,742	(2,702)
4150 Electric Vehicle Chargers			2,244	(2,244)
6148 Tri-County Bike Week	27,500	27,500	4,685	22,815
6220 RTIP & EIR Update			189	(189)
6262 RDIF Agency			27,109	(27,109)
6410 RTIP/Project Delivery			189	(189)
6500 Project Management	50,000	50,000		50,000
6550 Complete Streets-Project Mgmt	30,000	150,000	72,648	77,352
6726 Pajaro to Prunedale	121,465	121,465	110,931	10,534
6727 SR218 Corridor Improvements	66,900	66,900	76,886	(9,986)
6728 Seaside/Marina SRTS & Biking	276,873	276,873	231,940	44,933
6740 Mo. County Regional Cons. Strategy		115,718	65,579	50,139
6800 Rail Program			2,500	(2,500)
6803 Commuter Rail	17,079,727	17,079,727	4,284,800	12,794,927
6804 Branch Line Maintenance	5,000	5,000	4,058	942
6805 Rail and FORA property	17,000	117,000	65,426	51,574
6806 Rail-Monterey Branch Line			4,462	(4,462)
6807 Commuter Rail Leases			41,218	(41,218)
6809 Mo. Bay Rail Network Integ Study		50,000	2,537	47,463
6810 Cal Am Water			33,019	(33,019)
7100 Safe Routes to School			37,916	(37,916)
7301 FORTAG Env. Phase			286,866	(286,866)
8010 Measure X-Materials and Services	10,000	10,000	21,612	(11,612)
Total Direct Programs	18,533,891	18,949,609	6,080,676	12,868,933
Total expenditures	21,730,234	22,232,286	8,490,375	13,741,911
Excess (deficiency) of revenues over expenditures	(393,223)	(543,223)	(329,355)	213,868
Fund balance, beginning of fiscal year	13,458,160	13,458,160	13,458,160	
Restatement			(7,305)	(7,305)
Fund balance, beginning of fiscal year, restated	13,458,160	13,458,160	13,450,855	(7,305)
Fund balance, end of fiscal year	$ 13,064,937	$ 12,914,937	$ 13,121,500	$ 206,563

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last 10 Years*
As of June 30, 2019

The following table provides required supplementary information regarding the Agency's Pension Plan.

	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.00469%	0.00497%	0.00386%	0.00886%	0.01018%
Proportionate share of the net pension liability	$ 451,902	$ 492,754	$ 333,720	$ 608,384	$ 633,533
Covered payroll	$ 1,430,538	$ 1,249,197	$ 1,271,193	$ 1,112,701	$ 1,109,838
Proportionate share of the net pension liability as percentage of covered payroll	31.59%	39.45%	26.25%	54.68%	57.08%
Plan's total pension liability	$ 38,944,855,364	$ 37,161,348,332	$ 33,358,627,624	$ 31,771,217,402	$ 30,829,966,631
Plan's fiduciary net position	$ 29,308,589,559	$ 27,244,095,376	$ 24,705,532,291	$ 24,907,305,871	$ 24,607,502,515
Plan fiduciary net position as a percentage of the total pension liability	75.26%	73.31%	74.06%	78.40%	79.82%

Changes in assumptions
In 2018, inflation was changed from 2.75 percent to 2.50 percent and individual salary increases and overall payroll growth was reduced from 3.00 percent to 2.75 percent.

In 2017, as part of the Asset Liability Management review cycle, the discount rate was changed from 7.65% to 7.15%.

In 2016, the discount rate was changed from 7.5% (net of administrative expense) to 7.65% to correct for an adjustment to exclude administrative expense.

In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

*- Fiscal year 2015 was the 1st year of implementation, therefore only five years are shown.

TRANSPORTATION AGENCY FOR MONTEREY COUNTY

SCHEDULE OF PENSION CONTRIBUTIONS

Last 10 Years*

As of June 30, 2019

The following table provides required supplementary information regarding the Agency's Pension Plan.

	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	$ 145,552	$ 124,447	$ 106,082	$ 129,283	$ 122,283
Contribution in relation to the actuarially determined contributions	(145,552)	(124,447)	(106,082)	(680,125)	(122,283)
Contribution deficiency (excess)	$ -	$ -	$ -	$ (550,842)	$ -
Covered payroll	$ 1,480,329	$ 1,430,538	$ 1,249,197	$ 1,271,193	$ 1,112,701
Contributions as a percentage of covered payroll	9.83%	8.70%	8.49%	53.50%	10.99%

Notes to Schedule

Valuation Date: 6/30/2016

The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2017/2018 were derived from the June 30, 2017 funding valuation report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2016 funding valuation report.
Inflation	2.75%
Salary Increases	Varies by entry age and service
Payroll Growth	3.00%
Investment Rate of Return	7.0% net of pension plan investment and administrative expenses; includes inflation.
Retirement Age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

*- Fiscal year 2015 was the 1st year of implementation, therefore only five years are shown.

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
Last 10 Years*
As of June 30, 2019

Measurement Period	**2019**	**2018**
Total OPEB Liability		
Service cost	$ 29,259	$ 31,432
Interest on the total OPEB liability	14,476	12,637
Actual and expected experience difference		
Changes in assumptions	33,118	(40,441)
Changes in benefit terms		
Benefit payments	(8,577)	(6,418)
Net change in total OPEB Liability	68,276	(2,790)
Total OPEB liability- beginning	404,140	406,930
Total OPEB liability- ending (a)	$ 472,416	$ 404,140
Covered payroll	$ 1,526,846	$ 1,543,687
Total OPEB liability as a percentage of covered payroll	30.94%	26.18%

Notes to Schedule:
Changes of assumptions 2019: Changes of assumptions reflect the effects of changes in the discount rate from 3.62% in 2018 to 3.13% in 2019.

Changes of assumptions 2018: Changes of assumptions reflect the effects of changes in the healthcare cost trend rate from 6.0% in 2017 to 5.0% in 2018.

*- Fiscal year 2018 was the 1st year of implementation, therefore only two years are shown.

As of June 30, 2019, the plan is not administered through a qualified trust. Therefore there is no Actuarially Determined Contribution (ADC). Benefit payments of $8,577 were made on a pay-as-you-basis for the fiscal year ended June 30, 2019.

As of June 30, 2018, the plan is not administered through a qualified trust. Therefore there is no Actuarially Determined Contribution (ADC). Benefit payments of $6,418 were made on a pay-as-you-basis for the fiscal year ended June 30, 2018.

COMPLIANCE SECTION

Moss, Levy & Hartzheim LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON TRANSPORTATION DEVELOPMENT ACT COMPLIANCE

Board of Directors
Transportation Agency for Monterey County
Salinas, California

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Transportation Agency of Monterey County's (the Agency) compliance with the types of compliance requirements described in the *Transportation Development Act Guidebook,* published by the State of California Department of Transportation applicable for the fiscal year ended June 30, 2019.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the Transportation Development Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Agency's compliance based on our audit of the compliance with applicable statutes, rules and regulations of the Transportation Development Act (TDA), Sections 99233.1 and 99234, the California Code of Regulations (CCR), and the allocation instructions and resolutions of Transportation Agency of Monterey County as required by Section 6662 and 6666 of the CCR. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Transportation Development Act Guidebook.* Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state laws and regulations applicable to the Fund occurred. An audit includes examining, on a test basis, evidence about the Fund's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance. However, our audit does not provide a legal determination of the Agency's compliance.

Opinion on Compliance with the Transportation Development Act

In our opinion, the funds allocated to and received by Transportation Agency of Monterey County pursuant to the TDA, complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements of the Transportation Development Act and the allocation instructions and resolutions of Transportation Agency of Monterey County for the fiscal year ended June 30, 2019.

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

Moss, Levy & Hartzheim LLP

Santa Maria, California
February 19, 2020

2400 Professional Parkway, Suite 205 Santa Maria, CA 93455 Tel 805.925.2579 Fax 805.925.2147 mlhcpas.com
BEVERLY HILLS · CULVER CITY · SANTA MARIA

THIS PAGE INTENTIONALLY LEFT BLANK

SUPPLEMENTARY INFORMATION SECTION

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SCHEDULE OF SERVICE AUTHORITY FOR FREEWAYS AND EXPRESSWAYS (SAFE) FUNDS
REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Work Elements/ Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
SAFE	$ 340,000	$ 391,653	$ 51,653
Returned SAFE		476	476
Total revenues	340,000	392,129	52,129
Expenditures:			
Salaries/Fringe/Materials and services - callboxes	40,000	38,430	1,570
Salaries/Fringe/Materials and services - Rideshare	100,000	122,380	(22,380)
Direct programs - callboxes	147,457	89,171	58,286
Direct programs - Rideshare	42,000	33,207	8,793
Electric vehicle chargers		2,244	(2,244)
FSP match - Rideshare	99,606	23,920	75,686
Total expenditures	429,063	309,352	119,711
Excess (deficit) of revenues over expenditures	$ (89,063)	82,777	$ 171,840
SAFE carryover, beginning of fiscal year		1,639,176	
Restatement, FSP reclassified to SAFE		14,161	
SAFE carryover, beginning of fiscal year, restated		1,653,337	
SAFE carryover, end of fiscal year		$ 1,736,114	

TRANSPORTATION AGENCY FOR MONTEREY COUNTY

SCHEDULE OF STATE AND REGIONAL PLANNING ASSISTANCE FUNDS
REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Work Elements/ Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Rural planning assistance	$ 450,368	$ 393,271	$ (57,097)
Total revenues	450,368	393,271	(57,097)
Expenditures:			
1000 Leadership training	25,000	14,430	10,570
1010 Work program administration	55,000	55,000	
1120 Planning coordination	140,000	140,000	
4110 Document review	15,000	15,000	
6140 Bicycle/Pedestrian planning	32,000	32,000	
6220 Regional transportation plan	30,000	2,106	27,894
6410 Regional trans imp plan (RTIP)	76,368	76,368	
6710 Corridor studies	30,000	30,000	
6726 Pajaro to Prunedale	25,000	12,724	12,276
6727 SR218 Corridor Improvement	22,000	15,643	6,357
Total expenditures	450,368	393,271	57,097
Excess (deficit) of revenues over expenditures	$ -		$ -
State and regional planning assistance carryover, beginning of fiscal year			
State and regional planning assistance carryover, end of fiscal year		$ -	

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SCHEDULE OF PLANNING, PROGRAMMING AND MONITORING FUNDS
REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

		Work Elements/ Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Planning, Programming and Monitoring		$ 231,000	$ 231,000	$ -
Total revenues		231,000	231,000	
Expenditures:				
1130	Public involvement program	30,000	154,134	(124,134)
2310	Data collection		1,271	(1,271)
6140	Bicycle/Pedestrian planning	1,000		1,000
6500	Project development	136,400	56,610	79,790
6800	Rail planning	44,712	18,985	25,727
6803	Commuter rail	18,888		18,888
Total expenditures		231,000	231,000	
Excess (deficit) of revenues over expenditures		$ -		$ -
Planning, Programming and Monitoring carryover, beginning of fiscal year				
Planning, Programming and Monitoring carryover, end of fiscal year			$ -	

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SCHEDULE OF FREEWAY SERVICE PATROL
REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Work Elements/ Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Freeway service patrol	$ 459,691	$ 95,682	$ (364,009)
Local match	107,264	23,920 *	(83,344)
Other - SAFE		(476)	(476)
Total revenues	566,955	119,126	(447,829)
Expenditures:			
Salaries/Fringe/Materials & Supplies	44,649	60,050	(15,401)
Direct programs - FSP	419,743	354,148	65,595
Total expenditures	464,392	414,198	50,194
Excess (deficit) of revenues over expenditures	$ 102,563	(295,072)	$ (397,635)
Freeway service patrol carryover, beginning of fiscal year		316,538	
Restatements		(7,305)	
Restatement, FSP reclassified to SAFE		(14,161)	
Freeway service patrol carryover, beginning of fiscal year, restated		295,072	
Freeway service patrol carryover, end of fiscal year		$ -	

* The Agency is required to provide a local match of 20% of eligible costs and 25% of total grant received. The Agency has met this requirement.

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SCHEDULE OF EXPENDITURES BY WORK ELEMENT
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

Work Element:		Budget	Actual	Variance Favorable (Unfavorable)
1000	Leadership training-direct	$ 25,000	$ 14,430	$ 10,570
1010	Work program administration operating	68,745	66,215	2,530
1020	LTF administration operating	59,981	44,425	15,556
1020	LTF Direct		157	(157)
1120	Planning coordination & Interagency liaison operating	210,491	161,610	48,881
1122	Legislative advocacy operating	60,446	41,553	18,893
1122	Legislative advocacy direct	36,000	36,260	(260)
1130	Public involvement program operating	209,198	194,017	15,181
1130	Public involvement program direct	100,000	64,561	35,439
1770	Freeway Service Patrol operating	44,649	60,050	(15,401)
1770	Freeway Service Patrol direct	419,743	354,148	65,595
1780	SAFE operating	41,790	38,430	3,360
1780	SAFE direct	147,457	89,171	58,286
1790	Rideshare operating	242,520	122,380	120,140
1790	Ridesharing direct	42,000	33,207	8,793
2310	Data collection operating	17,927	2,778	15,149
2310	Data collection direct	27,040	29,742	(2,702)
2510	Regional transportation model operating	8,352	259	8,093
4110	Document review operating	15,422	25,413	(9,991)
4150	Electric vehicle charger direct		2,244	(2,244)
6140	Bicycle/Pedestrian planning operating	56,266	44,527	11,739
6145	Bicycle & Pedestrian Plan operating		310	(310)
6148	Tri-County bike week operating	26,080	1,684	24,396
6148	Tri-County bike week direct	27,500	4,685	22,815
6220	Regional transportation plan operating	30,538	1,886	28,652
6220	Regional transportation plan direct		189	(189)
6262	RDIF Agency operating	71,939	55,693	16,246
6262	RDIF Agency direct		27,109	(27,109)
6410	Regional trans imp plan (RTIP) operating	80,901	102,794	(21,893)
6410	Regional trans imp plan (RTIP) direct		189	(189)
6500	Project development operating	174,592	74,835	99,757
6500	Project development direct	50,000		50,000
6502	SR 156 West Project Mgmt operating	53,207	10,158	43,049
6550	Complete St Project Implemenation operating	119,599	45,359	74,240
6550	Complete St Project Implemenation-Direct	150,000	72,648	77,352
6710	Corridor studies operating	39,154	32,070	7,084
6726	Pajaro to Prunedale-Operating	70,774	39,828	30,946
6726	Pajaro to Prunedale-Direct	121,465	110,931	10,534
6727	SR218 Corridor Improvement-Operating	58,521	23,958	34,563
6727	SR218 Corridor Improvement-Direct	66,900	76,886	(9,986)
6728	Seaside/Marina SRTS & Biking-Operating	74,930	56,639	18,291
6728	Seaside/Marina SRTS & Biking-Direct	276,873	231,940	44,933
6740	Measure X-Mo. County Reg Cons Strategy-Operating	32,966	24,411	8,555
6740	Measure X-Mo. County Reg Cons Strategy-Direct	115,718	65,579	50,139
6800	Railroad operating	74,353	50,212	24,141
6800	Railroad direct		2,500	(2,500)
6803	Commuter rail operating	196,860	357,884	(161,024)
6803	Commuter rail direct	17,079,727	4,284,800	12,794,927
6804	Railroad leases operating	43,906	20,698	23,208
6804	Railroad leases direct	5,000	4,058	942
6805	Railroad Fort Ord property operating	27,179	54,781	(27,602)
6805	Railroad Fort Ord property direct	117,000	65,426	51,574
6806	Mtry Branch line alternative analysis operating	1,489	773	716
6806	Mtry Branch line alternative analysis direct		4,462	(4,462)
6807	Commuter rails lease operating	4,143	6,294	(2,151)
6807	Commuter rails lease direct		41,218	(41,218)
6808	Coast Daylight operating	28,981		28,981
6809	Mo. Bay Rail Network Integ Study-Operating	50,000	33,415	16,585
6809	Mo. Bay Rail Network Integ Study-Direct	50,000	2,537	47,463
6810	Cal Am Water-Operating	19,119	12,410	6,709
6810	Cal Am Water-Direct		33,019	(33,019)
7000	Pavement Management-Operating	35,871	13,564	22,307
7100	Safe Routes to School-Operating	46,409	114,465	(68,056)
7100	Safe Routes to School-Direct		37,916	(37,916)
7200	Senior & Disabled-Operating	8,257	29,098	(20,841)
7300	FORTAG-Operating	36,009	130,373	(94,364)
7300	FORTAG-Direct		286,866	(286,866)
7410	Regional Roads-Hwy 68 Salinas-Mty-Operating	180,201	35,193	145,008
7420	Regional Roads-SR 156-Castrovile Blvd.-Operating	199,831	38,137	161,694
7430	Regional Roads-Holman Highway-Operating	70,506	726	69,780
7440	Regional Roads-Imjin Multimodal Corridor-Operating	57,804	14,582	43,222
7450	Regional Roads-US 101 South County-Operating	39,665	55,300	(15,635)
7460	Regional Roads-Hwy 1 Bus Rapid Corridor-Operating	12,403	5,685	6,718
7600	Habitat Preserv/Advance Mitigation-Operating	21,091	1,226	19,865
8000	Sales Tax Measure Admin-Operating	259,612	163,601	96,011
8010	Sales Tax Measure -Materials & Services	10,000	21,612	(11,612)
0000	Unallowable-Direct	82,186	82,186	
	Total expenditures by work element	$ 22,232,286	$ 8,490,375	$ 13,741,911

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
LOCAL TRANSPORTATION FUND
SCHEDULE OF ALLOCATIONS BY PURPOSE
Fiscal Year Ended June 30, 2019

	Pedestrian and Bicycle Sec. 99234	Public Transportation Other Sec. 99260 (a)	Special Transportation Sects. 99260.7, 99400 (c)	Streets and Roads Sec. 99400(a)
Administration	$ 311,830	$ -	$ -	$ -
Monterey County and Unincorporated Area		4,013,790		
Cities:				
Carmel		132,707		
Del Rey Oaks		58,063		
Gonzales		295,290		
Greenfield		617,108		
King City		500,152		
Marina		743,596		
Monterey		995,745		
Pacific Grove		535,315		
Salinas		5,611,860		
Sand		13,264		
Seaside		1,180,090		
Soledad		582,705		
Allocations	$ 311,830	$ 15,279,685	$ -	$ -

References are to Code Sections of the Public Utilities Code, Chapter 4, Transportation Development Act.

Regional Transportation Planning Sec. 99231.1	Total Allocations
$ 908,485	$ 1,220,315
	4,013,790
	132,707
	58,063
	295,290
	617,108
	500,152
	743,596
	995,745
	535,315
	5,611,860
	13,264
	1,180,090
	582,705
$ 908,485	$ 16,500,000

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
LOCAL TRANSPORTATION FUND
SCHEDULE OF CLAIMS BY PURPOSE
Fiscal Year Ended June 30, 2019

	Pedestrian and Bicycle Sec. 99234	Public Transportation Other Sec. 99260 (a)	Special Transportation Sects. 99260.7, 99400 (c)	Streets and Roads Sec. 99400 (a)
Administration	$ 148,118	$ -	$ -	$ -
Monterey County and Unincorporated Area		4,768,135		
Cities:				
Carmel		154,267		
Del Rey Oaks		69,503		
Gonzales		352,503		
Greenfield		748,838		
King City		609,959		
Marina		918,393		
Monterey		1,164,456		
Pacific Grove		642,666		
Salinas		6,645,690		
Sand		16,174		
Seaside		1,407,018		
Soledad		713,174		
Claims	$ 148,118	$ 18,210,776	$ -	$ -

References are to Code Sections of the Public Utilities Code, Chapter 4, Transportation Development Act.

Regional Transportation Planning Sec. 99233.1	Total Claims Paid
$ 908,484	$ 1,056,602
	4,768,135
	154,267
	69,503
	352,503
	748,838
	609,959
	918,393
	1,164,456
	642,666
	6,645,690
	16,174
	1,407,018
	713,174
$ 908,484	$ 19,267,378

TRANSPORTATION AGENCY FOR MONTEREY COUNTY

STATE TRANSIT ASSISTANCE FUND

SCHEDULE OF AMOUNTS ALLOCATED AND DISBURSED BY PURPOSE

Fiscal Year Ended June 30, 2019

	Monterey-Salinas Transit Sects. 6730(b) 6730(a) 6731(c) Operating, Capital	City of Greenfield Sects. 6730(a) 6730(b) Capital	City of Gonzales Sec. 6730(b) Capital	City of Soledad Sec. 6730(b) Capital	City of King Sec. 6730(b) Capital	Total
Allocations	$ 4,074,791	$ -	$ -	$ -	$ -	$ 4,074,791
Disbursements:						
2018-19 Claims	$ 4,931,216	$ -	$ -	$ -	$ -	$ 4,931,216
Total disbursements	$ 4,931,216	$ -	$ -	$ -	$ -	4,931,216