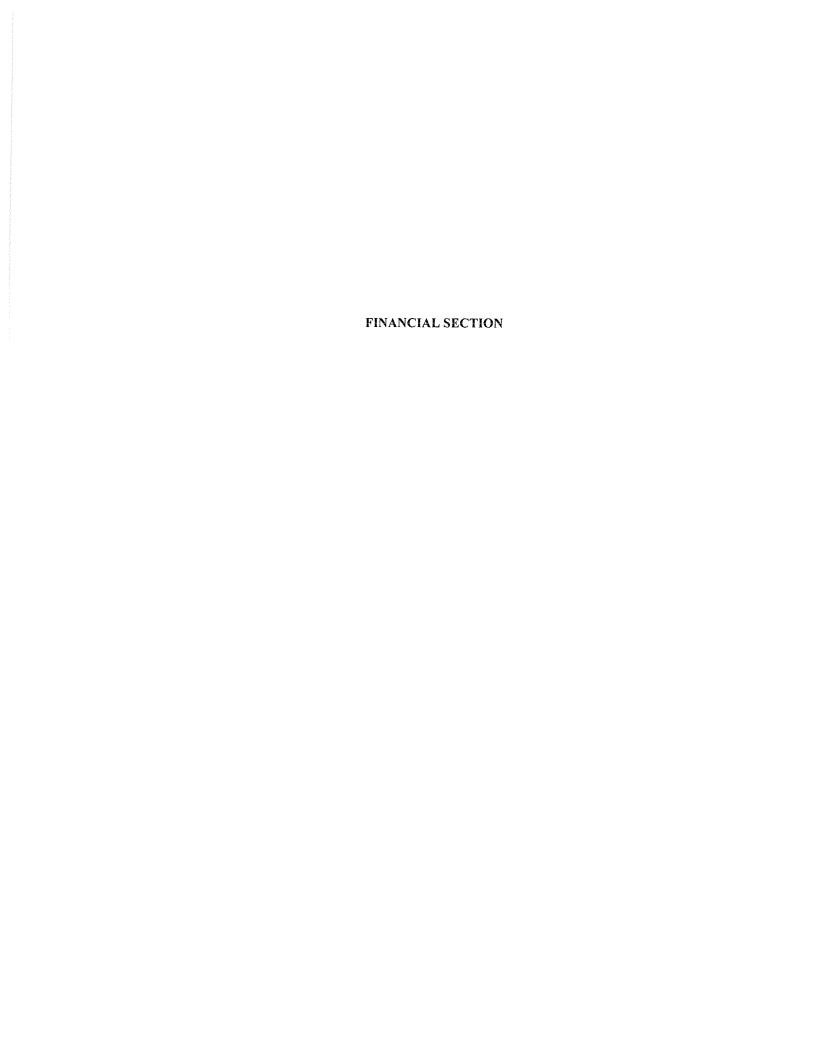
FINANCIAL STATEMENTS
June 30, 2021

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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, 2021, 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, 2021, 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.

Emphasis of Matter

As more fully described in Note 12 to the financial statements, the District may be materially impacted by the outbreak of the novel coronavirus (COVID-19), which was declared a global pandemic by the World Health Organization in March 2020.

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 3-16, the budgetary comparison information on pages 45 and 46, the schedule of proportionate share of net pension liability on page 47, the schedule of pension contributions on page 48, the schedule of changes in OPEB liability and related ratios on page 49, and the schedule of OPEB contributions on page 50 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 June 1, 2022, 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.

Santa Maria, California

Moss, Leny & Haugheim LLP

June 1, 2022

Management's Discussion and Analysis

Overview of the Transportation Agency and Audited Finances for Fiscal Year Ending June 30, 2021

General

The Transportation Agency for Monterey County (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 15 full-time employees, 1 part-time employee, and 1 retired annuitant. About 73% 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) 2020/2021, 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, the Regional Development Impact Fee Authority 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

Active Transportation Planning: The Agency's active transportation bike and pedestrian safety activities included: coordination with Caltrans on development of 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. Staff prepared agendas for and held meetings of the Bicycle and

Pedestrian Facilities Advisory Committee to discuss transportation issues and solicit input on active transportation policies, projects and programs.

Corridor Studies: The Agency assisted with the development of a Central Coast Electric Vehicle Charging Network study grant application. This grant was funded and will be administered by the Santa Barbara County Association of Governments. Staff reviewed and commented on Caltrans and other state documents, such as the California Action Plan for Transportation Infrastructure.

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 City of Salinas' Central Area Specific Plan, the American Tin Cannery Hotel and Commercial Project in Pacific Grove, and the Greenfield Commons project. The Agency also supported jurisdictions across Monterey County in meeting requirements of SB 743 by administering a contract for technical assistance on a regional scale.

Rail Network Integration Study: The Agency continued to coordinate with a broad range of stakeholders to develop the 20-year vision plan for the Central Coast, known as the Monterey Bay Area Rail Network Integration Study. Several technical documents were produced, as well as a draft of the plan; a final version is slated for adoption in August 2021.

Regional Conservation Investment Strategy: Funded with a Caltrans Adaptation Planning Grant, this Strategy assessed 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 included \$5 million in mitigation funding to help implement the strategy. Work in FY 20/21 consisted of holding steering committee and stakeholder group meetings to guide the development of the Regional Conservation Investment Strategy, overseeing consultant work in the development of the plan, compiling, and responding to comments received on draft work products, coordinating with the California Department of Fish and Wildlife, presenting to the Technical Advisory Committee and the Transportation Agency Board, and submitting the final document to Caltrans and the California Department of Fish and Wildlife for review and approval.

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. The Spring 2020 (off-peak) counts were canceled due to the COVID-19 shelter-in-place order, however the counts program resumed in September 2020 (peak) and March 2021 (off-peak).

Regional Transportation Plan/Sustainable Communities Strategy Adoption: The Agency continued 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 2022 Regional Transportation Plan and the 2045 Metropolitan Transportation Plan and Sustainable Communities Strategy. The Agency completed coordination with member jurisdictions to update project lists for incorporation into the Plan. The Agency coordinated with AMBAG on development of the financial assumptions for the Plan, including projected revenues and costs for the 20+ year planning horizon. The Agency's Board of Directors approved the project list and financial assumptions for analysis in the Plan at their January 27, 2021 meeting. Agency staff continues to collaborate with AMBAG on the environmental process. The Agency is on schedule for adoption of the 2022 Regional Transportation Plan in June 2022.

Safe Routes to School Plans: The Agency continued work on one plan and secured funding for a new plan, funded by Caltrans planning grants, as follows:

- Safe Routes to School Plan, Salinas: The Plan is funded through a Caltrans planning grant and the project team includes the City of Salinas, Ecology Action, Monterey County Health Department and Transportation Agency for Monterey County. In FY20/21 the project team completed all school site audits and drafted recommendations for all 42 K-12 public schools in the City of Salinas. The team has received community feedback on recommendations for schools in 2 out of the 4 school districts covered by the Plan. In January 2021, Caltrans approved a time extension and delayed local match to make up for delays experienced due to COVID—19 and school closures.
- Salinas Valley Safe Routes to School Plan: In June 2021, Caltrans awarded TAMC a \$664,127 grant for the Salinas Valley Safe Routes to School Plan, which will be matched with \$126,501 in Measure X funds. The Plan will provide safe walking and bicycling education and recommend active transportation infrastructure improvements around twenty-two K-12 public schools serving all of the nearly 16,000 students in the cities of Gonzales, King City, Soledad and Greenfield. Work on the plan will kick-off in Fall 2021, in partnership with the Monterey County Health Department and Ecology Action.

Funding

 Measure X: In 2020/21, the Transportation Agency continued to utilize Measure X to leverage state funding, securing an SB 1 Trade Corridors grant for the SR 156 @ Castroville Boulevard interchange project and matching funds for Safe Routes to Schools plans. Administrative oversight of the program continued, including obtaining the annual audit from the cities and the County, preparing TAMC's Measure X audit, holding regular quarterly meetings with the Measure X Citizens Oversight Committee, and assisting the Oversight Committee in preparing their annual Measure X audit report.

- Fort Ord Reuse Authority: As FORA moved towards its final sunset on June 30, 2021, the Agency was a recipient of bond proceeds to fund building removal on Agencyowned properties located within the former Fort Ord. During fiscal year 2020/21, the Agency entered into a joint procurement agreement with Monterey-Salinas Transit to coordinate building demolition activities, which allowed for additional environmental and geotechnical studies to be completed in preparation of releasing a demolition bid package.
- Regional Development Impact Fee: The Agency continued to work with our member jurisdictions to ensure accurate and consistent application of the fees to new development. This process has involved providing periodic training to planning staff; holding meetings with individual member staff, developers, and Board members to discuss development proposals and how the regional fees should best be applied; reviewing fee estimate calculations for errors; and writing correspondence to provide timely updates on any revisions to the fees. Staff was able to resolve all issues and no Board appeals were requested by applicants.
- SB 1 Funding: The Agency coordinated with the California Transportation Commission on projects funded with Local Partnership Program formula and competitive funds to receive extensions on their allocation deadlines due to COVID-19 related delays in delivery. All the affected projects are expected to move forward with their allocations in FY 21/22. The Agency, in partnership with Caltrans, was awarded a \$20 million Trade Corridors Enhancement Program grant for the Highway 156 Castroville Boulevard interchange safety project, which was matched with \$2.5 million of Measure X funds. As noted above, the Agency was also awarded a \$664,127 Sustainable Communities Transportation Planning Grant for the Salinas Valley Safe Routes to Schools Plan. The Agency was also a sub-applicant on the Active Transportation Program Cycle 5 grant "Broadway Avenue Complete Streets Corridor" which was awarded \$12.04 Million, including \$1,015,019.24 to be used by the Agency for educational activities. 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.
- Seniors & Disabled Transportation Grants: The Agency closed out Cycle 1 of the program in August 2020, including an audit of the compliance with Measure X requirements. The Board of Directors, in consultation with the Measure X Transportation Oversight Committee, awarded \$1.5 million in Cycle 2 funding in May 2020, covering three fiscal years: 2020/21, 2021/22, and 2022/2023. The Agency executed Cycle 2 grant agreements, reviewed quarterly claims and progress reports submitted by grantees from the second grant cycle.

- Transportation Development Act and Unmet Needs Process: The Agency continued to administer Transportation Development Act funds in accordance with state law. This work included 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 eligible TDA funding is being allocated to Monterey- Salinas Transit, the unmet transit needs process serves as a public input tool for MST's short and long-term transit service planning and improvements. The Agency completed the Triennial Performance Audit covering fiscal years 2016/17, 2017/18, and 2018/19 and began working to implement audit recommendations.
- Regional Surface Transportation Program Exchange and Transportation Development Act 2% Bike/Pedestrian Funding: The Agency administered and monitored delivery of projects funded by the TDA 2% program and RSTP accounts. Staff answered funding questions and solicited input for programming future RSTP exchange and TDA funds to projects over the next three years. The next funding cycle is slated for 2022.

Project Delivery

Fort Ord Regional Trail and Greenway Project — The Agency released a request for proposals in June 2020 for the design and right-of-way work for Phase 1 of the Canyon Del Rey/SR 218 segment and awarded a contract to GHD, Inc. Initial elements of this work included conducting extensive outreach and coordination with the public, local jurisdictions, Monterey Peninsula Regional Parks District, and Caltrans. Design and right-of-way work will continue through fiscal year 2021/22.

Monterey-Salinas Transit South County Operations and Maintenance Facility: The Agency administered the regional funding agreement with MST to support construction of the South County Maintenance and Operations Facility. The Agency facilitated MST's pursuit of a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan through the U.S. Department of Transportation by establishing the loan's collateral of Local Transportation Fund dollars. This Measure X-funded project will accommodate existing and future transit needs in the surrounding rural communities of Monterey's South County by providing housing for transit vehicles and maintenance. The project is on schedule to complete construction in September 2021.

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 FY2021, the bulk of the construction work on Package 1 (roadway and parking improvements at the Salinas train station) was completed. The Agency continued to make progress with the acquisition of right-of-way parcels in Salinas and with final design of Package 2 (Salinas

layover facility) and Package 3 (track connections in Gilroy).

SR 68 Scenic Highway Improvements: The Agency continued to coordinate with Caltrans and communicate with project stakeholders on the environmental documentation and preliminary engineering work, funded by the State Transportation Improvement Program. The TAMC-hired consultant team performed a roundabout design peer review in conjunction with Caltrans. Staff is researching grant opportunities to match Measure X funding for construction of this project.

SR 156 West Corridor project – Castroville Blvd Interchange: Caltrans is the implementing agency for this Measure X project. Transportation Agency is providing joint project management for the design team, project funding, coordination with local agencies, community outreach and media relations. The consultant team performed a roundabout design peer review to support the Caltrans design team. The Monterey County Board of Supervisors approved a Resolution for the Route Adoption of the State Route 156 segment near the proposed Castroville interchange.

SURF! Busway and Bus Rapid Transit: The Agency has been actively coordinating with Monterey-Salinas Transit (MST) on the preliminary design, public outreach, grant application development and environmental review on the Measure X-funded SURF! Busway and Rapid Transit project. MST hired a consultant to conduct preliminary engineering and environmental analysis work for this bus-only roadway for dedicated transit service in the TAMC-owned Monterey Branch Line right-of-way. The preliminary engineering and environmental analysis phase of the project is near completion, and MST anticipates pursuing consultant services for Final Design in FY2022 pending environmental certification. MST has also hired a consultant using Measure X dollars to provide technical assistance for the pursuit of a Federal Transit Administration Capital Investment Grant to fund construction of the project.

US 101 South of Salinas: Agency staff continued to work with the project consultant to supplement the existing Caltrans 2003 Project Study Report for US 101 between Chualar and Salinas by developing, analyzing, and recommending preferred concept alternatives. Public outreach for the project was restructured due to the COVID-19 Shelter in Place Order and the design team conducted remote meetings, sent postcards, and received input on the project website. The consultant mapped existing utilities, evaluated traffic counts, performed traffic modeling and used public input to develop preliminary concepts. Staff presented the preliminary concepts to the TAMC Board and public outreach continues as the teams refines the alternatives and develops the PSR Supplement. New this fiscal year was submittal of a federal earmark request for the US 101 South of Salinas project.

Member Agency Project Assistance: Throughout the period, Agency staff assisted member agencies with project funding and development. This assistance included project design review by the TAMC Traffic Engineer, informational presentations on the latest

engineering technology and designs at the Technical Advisory Committee, review of draft grant documents and writing support letters, and quarterly meetings with the Monterey County Public Works Department to assist in administering funding programs.

Program Delivery

Bike Month: The Agency dedicated Transportation Development Act funds to fund the three years of Bike Month education and promotions; however, 2020 Bike Month activities were cancelled due to the COVID-19 shelter-in-place order.

Freeway Service Patrol: The Transportation Agency continued to oversee the Freeway Service Patrol tow truck assistance program in Monterey County in coordination with state and local representatives from California Highway Patrol and Caltrans, and local contract operators. The Agency continued to provide statistical data to UC Berkeley for preparation of statewide annual reports. Quarterly meetings were put on hold during the COVID-19 shelter-in-place order. The Agency issued an RFP and executed a four-year contract for tow services with a local company.

SAFE Call Box Motorist Assistance: The Agency continued to administer the Monterey County call box motorist assistance program, including management and monitoring of the contract with and performance of the call answering center. The Agency oversaw the call box maintenance contract but put on hold the site improvements for call box accessibility (expected to be initiated in FY2022). During this fiscal year, staff received Caltrans and CHP approval of the Agency's Call Box Modernization Plan to remove call boxes from underutilized corridors, upgrade call boxes to remain and install additional call boxes along corridors lacking cell phone service.

Safe Routes to School: 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 and Blue Zones to develop and distribute 2900 traffic-safety themed Play to Learn kits across the county. As part of the "Every Child: Community-Supported Safe Routes to School" grant, TAMC and contractor Ecology Action continued to provide walk and bike safety education for 2nd and 5th graders across Monterey County, albeit remotely due to COVID-19. Agency staff supported the City of Seaside in applying for an Active Transportation Grant to build a project identified in the Seaside and Marina Safe Walking & Biking to School Complete Streets Plan and provide community engagement, education and encouragement through safe routes to school, family and senior-focused programming in Seaside.

Trip Reduction Program – Go831: During the pandemic, the Agency shifted its focus from promoting ridesharing to supporting active transportation and teleworking. The Agency surveyed its workforce and updated its telework program to serve as an example to other workplaces. In spring 2021, TAMC developed and conducted a regional telework survey

in order to better understand employer/manager opinions and challenges around continued teleworking after worksites re-open in 2021. Staff used the RideAmigos platform to run the annual Commute Challenge in October 2020, utilizing a "Go to the Moon" theme. The Go831 Team also redesigned the program in FY 20/21 to provide the necessary tools and training to a small cohort of employers to achieve a higher program development and trip reduction plan adoption rate. 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.

Right-of-Way Management

Use Agreements: Agency staff worked with various parties to assure that their requests for various types of use agreements did not reduce the viability of future transit service along the Monterey Branch Line (MBL) right-of-way. Staff had discussions with the Seaside County Sanitation District relating to new and existing facilities, PG&E relating to improvements to existing gas facilities, and WAVE Broadband for the installation of fiberoptic facilities within the MBL. Staff also issued various encroachment permits.

Property Maintenance: The Agency performed routine maintenance and managed leases on the Monterey Branch Line right-of-way. Staff coordinated with Monterey-Salinas Transit to develop a scope of work for demolition of the old warehouses on the Agency's former Fort Ord property.

Property Usage: Staff developed an updated agreement for a recreational handcart pilot test. The Agency reviewed proposals and created scenarios for the use TAMC property on the former Fort Ord for property development.

Public Outreach

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 the development of projects and programs identified in the Measure X Transportation Safety & Investment Plan and the Rail Extension to Salinas project, including extensive outreach efforts on the Fort Ord Regional Trail and Greenway environmental review and design, and the US 101 South of Salinas concept development.

Public outreach tools included traditional media & social media, in-person and virtual community meetings, presentations, panel discussions, focus groups, public hearings, the Monterey Peninsula Chamber of Commerce, the Salinas Valley Chamber of Commerce, the Business Council for Monterey County, as well as soliciting public input via surveys,

the Agency's website, informational marketing materials, the TAMC annual report, enewsletters, monthly Board highlights report, videos, ribbon-cutting ceremonies (e.g. the Salinas Station Improvements), 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 continued to serve as a central point of information and reminds news outlets that TAMC is the premiere source of transportation information in the county. Staff attended and supported member agency efforts to publicize ground-breakings and ribbon-cuttings for Measure X projects.

Measure X: The Agency published the results of the annual Measure X audit and provided 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 to publicize project development and delivery efforts.

Interagency Coordination:

California Association of Councils of Governments, Rural Counties and Self-Help Counties Coalition: The Agency attended virtual quarterly meetings to coordinate with various regional and state agencies on new regulations, funding opportunities and planning requirements.

Central Coast Coalition: The Agency continued to coordinate with the Central Coast Coalition with monthly meetings and 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).

Coast Rail Coordinating Council: The Agency continued to work with the Coast Rail Coordinating Council to support increased passenger rail service on the coast rail line. Staff coordinated with Caltrans on a positive train control project for the line.

Legislative Monitoring: The Agency continued to work with state and federal legislators on transportation issues by monitoring legislation, updating, and promoting the state and federal legislative programs, and preparing/updating the state legislative bill list.

Financial Highlights

Net position of the Agency increased from \$ 34,584,379 on June 30, 2020, to \$35,924,593 on June 30, 2021. The Agency has unassigned reserves of \$8,869,401as of June 30, 2021. The Agency requires the maintenance of unassigned reserves equal to six months of operating expenditures. Of the \$8,869,401 in unassigned reserves, \$1,905,217 is reserved for six months of cash flow for the operating budget for FY 2021/2022.

Transportation Agency for Monterey County Revenues and Expenditures

The Agency revenues during FY 2020/2021 were \$9,927,246, consisting primarily of \$7,267,686 in state funds. Other revenues included \$0 in federal funds, and \$2,659,560 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 \$2,714,869 in operating expenditures, and \$8,430,213 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 \$5,800 for a Triennial Audit, \$53,903 for Legislative Advocacy, \$258,810 for Freeway Service Patrol, \$81,100 for Call Boxes (SAFE), \$40,765 for Ride Share, \$36,124 for Branch Line Maintenance, \$39,919 for Public Outreach, \$363,695 for FORTAG, \$5,154 for Complete Streets Project Management, \$645,908 for Safe Routes to School, \$102,401for Monterey County Regional Conservation Study, \$134,655 for Monterey Bay Rail Network Integration Study, \$14,929 for Commuter Rail Leases and \$3,538,663 in rail program expenditures for Salinas Rail Extension activities.

The Agency operating expenses of \$ 2,714,869 included 86.6% for personnel costs and the remainder for materials, services, and equipment purchases. The operating expenses in FY 2020/2021 were 13.5% more than the previous fiscal year. This was primarily due to an increase in salaries, fringes and pension related costs. 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 increased during FY 2020/2021, with the total fund balance increasing from \$ 12,036,857 to \$13,533,890. 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 2020/2021, the Transportation Agency for Monterey County continued to follow the requirements of Governmental Accounting Standards Board (GASB) Statement No 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 assets (or equity). At June 30, 2021, the Agency reported a liability of \$759,349 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020.

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 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 post-employment 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 market value of assets) be presented on the Agency's government-wide statement of net assets (balance sheet). On June 30, 2021, the Agency reported a liability of \$654,501 for other post-employment benefits.

Over the 12-month period from July 1, 2020, to June 30, 2021 the reserves for the call box program decreased, from \$1,658,683 to \$1,572,255. The unassigned fund balance increased from \$8,078,791 to \$8,869,401.

The Agency trust fund balances increased by a total of \$ 10,900,704 during FY 2020/20201 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, 2021:

•	Local Transportation Fund	\$ 3,515,054
•	State Transit Assistance Fund	\$ 102
♦	Regional Surface Transportation Program	\$16,599,246
•	Transportation Safety & Investment Fund (Measure X)	\$40,700,456
	TOTAL TRUST FUNDS	\$60,814,858

Budget Variances

The Agency's actual operating expenditures for FY 2020/2021 were below the budgeted expenditures by \$912,753. Direct program expenditures were below budgeted expenditures by \$8,007,625.

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, 2021 of \$2,007,631.

Current Financial Issues and Concerns

Due to COVID-19 and the shelter-in-place, there was a strong expectation that sales tax revenues and state grants would fall precipitously. Initial expectations of a drop in revenue for fiscal year 2021 ranged from 17% to 24%. The net effect is that Measure X sales tax revenues exceeded prior projections this past fiscal year and are forecast to remain steady in subsequent years. Measure X revenues dropped to \$28.198 million in

TAMC Management's Discussion and Analysis, fiscal year 2020/2021 Page 15

2019/20, but rose to \$32.01 million in 2020/21, which is significantly higher than the originally projection of \$30.109 million.

State revenues in the FY2022 budget year are projected to be substantially higher than originally anticipated, with the prospects of additional state transportation competitive grant funding in that fiscal year.

A longer-term 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, as evidenced in the proposed bipartisan infrastructure funding package. The return of federal earmarks is a promising new development, although it may not be included in the pending federal infrastructure authorization legislation.

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 it continues to be collected at a reduced rate than expected due to slower than projected land use development.

During the period, the Agency made its sixth 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.

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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.

STATEMENT OF NET POSITION

June 30, 2021

	Governmental Activities
ASSETS	
Cash and investments	\$ 12,615,600
Receivables	4,554,328
Prepaid expenditures	13,436
Capital assets:	
Nondepreciable	24,010,367
Depreciable - net	13,900
Total assets	41,207,631
DEFERRED OUTFLOWS OF RESOURCES	
OPEB	102,395
Pensions	460,639
Total deferred outflows of resources	563,034
LIABILITIES	
Accounts payable	1,629,635
Accrued expenses	73,112
Unearned revenue	1,946,727
Reimbursement agreement - due in one year	82,186
Compensated absences - due in one year	66,260
Noncurrent liabilities	
Due in more than one year	1,859,185
Total liabilities	5,657,105
DEFERRED INFLOWS OF RESOURCES	
OPEB	38,315
Pensions	150,652
Total deferred inflows of resources	188,967
NET POSITION	
Net investment in capital assets	24,024,267
Restricted:	
SAFE	1,572,255
Unrestricted	10,328,071
Total net position	\$ 35,924,593

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2021

			Program Revenues	
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
Transportation	\$ 8,587,032	\$ -	\$ 8,820,383	\$ -
Total governmental activities	\$ 8,587,032	\$	\$ 8,820,383	\$ -

General Revenues

Investment income

Lease revenue

Total general revenues

Change in net position

Net position, beginning of fiscal year

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		
\$ 233,351		
233,351		
127,503		
 979,360		
 1,106,863		
1,340,214		
 34,584,379		
\$ 35,924,593		

GOVERNMENTAL FUND BALANCE SHEET June 30, 2021

Assets	General Fund
Cash and investments Accounts receivable Prepaid expenditures	\$ 12,615,600 4,554,328 13,436
Total assets	\$ 17,183,364
Liabilities and Fund Balance	
Liabilities:	
Accounts payable	\$ 1,629,635
Accrued expenditures	73,112
Unearned revenue	1,946,727
Total liabilities	3,649,474
Fund Balance	
Nonspendable	
Prepaid expenditures	13,436
Restricted:	•
SAFE	1,572,255
Assigned:	
Commuter rail leases	13,316
Railroad leases	2,561,431
OPEB	90,089
Committed:	
OPEB	85,219
CalTrans	328,743
Unassigned	8,869,401
Total fund balance	13,533,890
Total liabilities and fund balance	\$ 17,183,364

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION June 30, 2021

Total Fund Balance - Governmental Fund		\$	3	13,533,890
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	\$	24,291,563		
Accumulated depreciation Net		(267,296)		24,024,267
In governmental funds, only current liabilities are reported. In the statement liabilities, including long-term liabilities, are reported. Long-term liabilities governmental activities consist of:				
Compensated absences Reimbursement agreement OPEB liability Net pension liability	\$	265,038 328,743 654,501 759,349		(2,007,631)
Deferred outflows and inflows of resources relating to pensions and OPEB: I governmental funds, deferred outflows and inflows of resources relating and OPEB are not reported because they are applicable to future periods. statement of net position, deferred outflows and inflows of resources relating pensions and OPEB are reported.	to pensi In the	ions		(2,007,031)
Deferred inflows of resources relating: to pensions to OPEB Deferred outflows of resources relating: to pensions to OPEB	\$	(150,652) (38,315) 460,639 102,395		274.247
				374,067

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

Total Net Position - Governmental Activities

35,924,593

GOVERNMENTAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 2021

	General Fund
Revenues:	
State Revenues:	
TCRP	\$ 904,837
Freeway Service Patrol	239,557
SAFE	404,348
Rural Planning Assistance	422,216
Planning, Programming and Monitoring	201,000
RSTPI & RSTPP	277,053
Local Transportation Fund	910,630
SRTS Salinas	338,126
STRS ATP every child	328,096
Mo. County Regional Cons. Strategy	83,520
Mo. Bay Rail Network Integ Study	197,269
PTA-STIP	2,855,200
FORTAG Environmental Phase	105,834
TORTAG Environmentari mase	
Local Revenues:	7,267,686
CMP	241.0/2
	241,062
Interest	127,503
Lease revenue - MBL Row and Commuter Rail	979,360
RDIF	15,000
Handcars advance	15,000
VMTT Development	125,270
Measure X - Projects/Programs	996,301
Measure X - Administration	156,525
Other	3,539
	2,659,560
Total revenues	9,927,246
Expenditures:	
Salaries and wages	1,715,305
Fringe benefits	635,786
Total personnel	2,351,091
Services and supplies	363,778
Total operating expenditures	2,714,869
	2,111,007
Direct programs	5,715,344
Total expenditures	8,430,213
Total expenditures	
Excess (deficiency) of revenues over expenditures	1,497,033
Fund holomon hasinning of figural year	
Fund balance, beginning of fiscal year	12,036,857
Fund balance, end of fiscal year	\$ 13,533,890

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, 2021

Net change in fund balance - governmental fund	\$ 1,497,033
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 \$0 is less then the depreciation expense of \$14,714 in this period.	(14,714)
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 \$18,022.	(18,022)
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:	(65,137)
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:	(141,132)
Change in net position - governmental activities	\$ 1,340,214

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

June 30, 2021

	Private Pu		
	Local State Transit Transportation Assistance Fund Fund	State Transportation Highway Safety and Account Investment Plan Fund Account Fund	Totals
ASSETS			
Cash and investments Accounts receivable Loan to Del Rey Oaks Loan to Gonzales	\$ 1,504,239 \$ 102 4,090,567 1,160,429	\$ 17,251,227 \$ 35,645,098 6,731,488 705,415 1,791,240	\$ 54,400,666 11,982,484 705,415 1,791,240
Total assets	5,594,806 1,160,531	17,251,227 44,873,241	68,879,805
LIABILITIES			
Liabilities:			
Due to other agencies	2,079,752 1,160,429	651,981 4,172,785	8,064,947
Total liabilities	2,079,752 1,160,429	651,981 4,172,785	8,064,947
NET POSITION Held in trust for: Other agencies	3,515,054 102	16,599,246 40,700,456	60,814,858
Total net position held in trust	<u>\$ 3,515,054</u> <u>\$ 102</u>	\$ 16,599,246 \$ 40,700,456	\$ 60,814,858

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

For the Fiscal Year Ended June 30, 2021

	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	\$ -	\$ 829,087	\$ -	\$ -	\$ 829,087
Sales tax	19,784,329	3,959,452		32,034,232	55,778,013
State Highway Account funds			5,232,518		5,232,518
Interest, loss recovery, and other fees	15,822	1,046	148,134	416,530	581,532
Total additions	19,800,151	4,789,585	5,380,652	32,450,762	62,421,150
Deductions:					
Claims paid to:					
Carmel			16,365	213,305	229,670
Del Rey Oaks				81,764	81,764
Gonzales				279,520	279,520
Greenfield				550,328	550,328
King City				460,858	460,858
Marina				847,410	847,410
Monterey			24,038	1,093,219	1,117,257
Pacific Grove				657,027	657,027
Salinas			2,596,430	4,865,844	7,462,274
Sand City				32,375	32,375
Seaside			200,000	1,084,029	1,284,029
Soledad			190,288	727,433	917,721
County of Monterey			277,053	8,149,671	8,426,724
TAMC			•	, ,	
Administration	908,484			244,891	1,153,375
Regional project costs	,			5,289,149	5,289,149
Materials, services, and project costs	90,242			400	90,642
Monterey - Salinas Transit	17,850,725	4,789,598			22,640,323
Total deductions	18,849,451	4,789,598	3,304,174	24,577,223	51,520,446
Change in net position	950,700	(13)	2,076,478	7,873,539	10,900,704
Net position - held in trust, beginning of fiscal year	2,564,354	115	14,522,768	32,826,927	49,914,164
Net position - held in trust, end of fiscal year	\$ 3,515,054	\$ 102	\$ 16,599,246	\$ 40,700,466	\$ 60,814,868

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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.

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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.

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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.

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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
Buildings and improvements

3 to 7 years 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 liabilities 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.

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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.

Minimum Fund Balance

The Agency holds a six-month fund balance reserve for general operations within the unassigned fund balance in the general fund.

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Future Accounting Pronouncements

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

Statement No. 87	"Leases"	The provisions of this statement are effective for fiscal years beginning after June 15, 2021.
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, 2020.
Statement No. 91	"Conduit Debt Obligations"	The provisions of this statement are effective for fiscal years beginning after December 15, 2021.
Statement No. 92	"Omnibus 2020"	The provisions of this statement are effective for fiscal years beginning after June 15, 2021.
Statement No. 93	"Replacement of Interbank Offered Rates"	The provision of this statement except for paragraphs 11b, 13, and 14 are effective for fiscal years beginning after June 15, 2020. Paragraph 11b is effective for fiscal years beginning after December 31, 2021. Paragraphs 13 and 14 are effective for fiscal years beginning after June 15, 2021.
Statement No. 94	"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 96	"Subscription-Based Information Technology Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 97	"Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32"	The provision of this statement except for paragraphs 6-9 are effective for fiscal years beginning after December 15, 2019. Paragraph 6-9 is effective for fiscal years beginning after June 15, 2021.

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.

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 2 - CASH AND INVESTMENTS (Continued)

On June 30, 2021 the Agency had the following cash and investments on hand:

Cash and investments with County Treasurer	\$ 66,945,243
Petty cash	200
Cash in bank	 70,823
Total cash and investments	\$ 67,016,266

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

Cash and investments, statement of net position	\$ 12,615,600
Cash and investments, statement of fiduciary net position	 54,400,666
Total cash and investments	\$ 67,016,266

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 measured under Level 2.

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	Carry ing Amount	12 Months or Less	13-24 Months	25-60 Months	More than 60 Months
County of Monterey Treasury Pool	\$ 66,945,243	\$ 66,945,243	\$ -	\$ -	\$ -
Total	\$ 66,945,243	\$ 66,945,243	\$ -	\$ -	\$ -

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 on the following page 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.

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 2 - CASH AND INVESTMENTS (Continued)

	Carrying	Minimum Legal	Exemp	ot from	Rati	ng as	of Fiscal Y	ear E	nd
Investment Type	Amount	Rating	Discl	osure	AAA		AA		Not Rated
County of Monterey Treasury Pool	\$ 66,945,243	N/A	\$	na	\$ 	\$	-	\$	66,945,243
Total	\$ 66,945,243		\$	-	\$ 	\$	-	\$	66,945,243

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, 2021, 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.

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 3 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2021, was as follows:

	 Balance July 1, 2020	 Increases	De	ecreases	J _{\.}	Balance ine 30, 2021
Capital assets, not being depreciated						
Right of Way	\$ 16,553,168	\$ -	\$	-	\$	16,553,168
Construction in progress	 7,457,199	 	·····			7,457,199
Total capital assets, not being depreciated	\$ 24,010,367	\$ -		-	\$	24,010,367
Capital assets, being depreciated						
Leasehold improvements	\$ 24,293				\$	24,293
Equipment	 256,903	 				256,903
Total capital assets, being depreciated	281,196					281,196
Less accumulated depreciation	 252,582	 14,714	·	-		267,296
Total capital assets, being depreciated, net	\$ 28,614	\$ (14,714)	\$	-	\$	13,900
Governmental activities, capital assets, net	\$ 24,038,981	\$ (14,714)	\$	-	\$	24,024,267

NOTE 4 - LONG-TERM LIABILITIES

The following is a summary of long-term liability activity for the fiscal year ended June 30, 2021:

	J	Balance uly 1, 2020	I	ncreases	D	ecreases	Ju	Balance ne 30, 2021	ue within Ine Year
Compensated absences	\$	247,016	\$	147,588	\$	129,566	\$	265,038	\$ 66,260
Reimbursement agreement		410,929				82,186		328,743	82,186
OPEB liability		550,211		113,325		9,035		654,501	
Net pension liability		593,760		362,421		196,832		759,349	
Total	\$	1,801,916	\$	623,334	\$	417,619	\$	2,007,631	\$ 148,446

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, 2021, the remaining balance of the agreement is \$328,743.

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, 2020 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, 2020 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 and Publications.

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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, 2021, 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	11.031% + \$32,882	7.732% + \$1,740	

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 \$221,290 for the fiscal year ended June 30, 2021.

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

At June 30, 2021, the Agency reported a liability of \$759,349 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020 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, 2020, the Authority's proportion was 0.01800%, which increased by 0.00317% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Agency recognized pension expense of \$362,421. 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, 2021, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources on the following page:

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 6 - PENSION PLAN (Continued)

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

	Deferred Outflows of Resources		 ed Inflows of esources
Differences between expected and actual experience	\$	39,131	\$ -
Changes in assumptions			5,416
Net difference between projected and actual earnings on			
retirement plan investments		22,558	
Changes in proportion		177,660	
Differences between acutal contributions and proportionate	share		
of contributions			145,236
Agency contributions subsequent to the measurement date		221,290	
	\$	460,639	\$ 150,652

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.

\$221,290 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, 2022.

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		
2022	\$	40,690	
2023		21,160	
2024		16,028	
2025		10,819	
	\$	88,697	

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
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.

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 6 - PENSION PLAN (Continued)

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

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.

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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%.		Disc	count Rate	1% Increase	
			7.15%		8.15%	
Agency's proportionate share of the net	\$	1,682,140	\$	759,349	\$	(3,125)
pension plan liability						

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, 2021, the Agency had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2021.

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, 2019, 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	4
Total	17

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

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 7 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

paragraph 4 of GASB Statement Number 75.

OPEB Liability

The Agency's OPEB Liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of July 1, 2019. 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 3.00%

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, 2019 valuation were based on a review of plan experience during the period July 1, 2020 to June 30, 2021.

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 1.92 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:

Long-Term
Expected Return Municipal Bond
of Plan Investments 20 Year High Grade

	Reporting Date	Measurement Date	(if any)	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%
	June 30, 2020	June 30, 2020	4.00%	2.45%	2.45%
	June 30, 2021	June 30, 2021	4.00%	1.92%	1.92%

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 7 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Changes in the OPEB Liability

	= =	tal OPEB Liability
Balance at June 30, 2020		
(Valuation Date July 1, 2019)	\$	550,211
Changes recognized for the measurement period:		
Service cost		48,205
Interest		14,551
Changes of assumptions		50,569
Benefit payments		(9,035)
Net Changes		104,290
Balance at June 30, 2021		
(Measurement Date June 30, 2021)	\$	654,501

Changes in assumptions: The change of assumptions reflect a change in the discount rate from 2.45% in 2020 to 1.92% in 2021.

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 (.92 percent) or 1-percentage-point higher (2.92 percent) than the current discount rate:

	1%	Decrease	Di	scount Rate	1	% Increase
	- Andrews	0.92%	-	1.92%		2.92%
OPEB Liability	\$	767,423	\$	654,501	\$	563,618

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 (4.8 percent) or 1-percentage point higher (6.8 percent) than the current healthcare cost trend rates:

	1%	Decrease	T	rend Rate	 √ Increase
		4.80%		5.80%	 6.80%
OPEB Liability	\$	538,938	\$	654,501	\$ 805,548

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

For the fiscal year ended June 30, 2021, the Agency recognized OPEB expense of \$59,630. As of the fiscal year ended June 30, 2021, the Agency reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferr	ed Outflows	Deferred Inflows		
	of F	Resources	of R	tesources	
Difference between expected and actual experience	\$	-	\$	18,882	
Change in assumptions		102,395		19,433	
	\$	102,395	\$	38,315	

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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,	A	mount
2022	\$	11,416
2023		11,416
2024		11,416
2025		12,991
2026		13,678
Thereafter		3,163
	\$	64,080

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, 2021, the City has drawn \$2,500,000, accrued interest of \$46,645, and repaid \$708,760 for a net loan receivable of \$1,791,240.

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, 2021, the City has drawn \$861,300, accrued interest of \$18,128, and repaid \$155,885 for a net loan receivable of \$705,415.

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.

NOTES TO BASIC FINANCIAL STATEMENTS June 30, 2021

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

For the fiscal year ended June 30, 2021, the Transportation Agency for Monterey County received \$829,087. 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 – SUBSEQUENT EVENTS

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Agency's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Agency is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity as of the date of issuance of these financial statements.

REQUIRED SUPPLEMENTARY INFORMA	ATION SECTION

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2021

	Budgeted .	Amounts		Variance with Final Budget Positive
	Original Original	Final	Actual	(Negative)
		1 11101	7 101041	(Troguerro)
State Revenues:				
Prop 116	\$ 2,050,000	\$ 2,050,000	\$ -	\$ (2,050,000)
TCRP	3,244,980	3,244,980	904,837	(2,340,143)
Freeway Service Patrol	495,630	495,630	239,557	(256,073)
SAFE	240,874	240,874	404,348	163,474
Rural Planning Assistance	447,000	475,327	422,216	(53,111)
Planning, Programming and Monitoring	201,000	201,000	201,000	, , ,
RSTP & RSTPP	158,700	158,700	277,053	118,353
Local Transportation Fund	935,985	935,985	910,630	(25,355)
SRTS Salinas	477,251	477,251	338,126	(139,125)
STRS ATP every child			328,096	328,096
Mo. County Regional Cons. Strategy	36,649	36,649	83,520	46,871
Mo. Bay Rail Network Integ Study	188,315	188,315	197,269	8,954
STRS ATP Every Child	755,757	755,757		(755,757)
PTA-STIP	6,057,645	6,057,645	2,855,200	(3,202,445)
FORTAG Environmental Phase			105,834	105,834
	15,289,786	15,318,113	7,267,686	(8,050,427)
Local Revenues:				
CMP	243,076	243,076	241,062	(2,014)
Interest			127,503	127,503
Lease revenue - MBL Row and Commuter Rail	283,000	283,000	979,360	696,360
RDIF	10,000	10,000	15,000	5,000
Handcars advance			14,950	14,950
Measure X - Materials and Services	45,000	45,000		(45,000)
Measure X - Administration	200,000	200,000	156,525	(43,475)
Measure X - Projects/Programs	662,159	662,159	996,301	334,142
SAFE Reserve	215,333	215,333		(215,333)
Other			3,539	3,539
VMTT Development			125,270	125,270
TAMC Reserve	373,860	373,860		(373,860)
	2,032,428	2,032,428	2,659,510	627,082
Total revenues	\$ 17,322,214	\$ 17,350,541	\$ 9,927,196	\$ (7,423,345)

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2021

	Dudada	1 4		Variance with Final Budget
		Amounts	Actual	Positive
Expenditures:	Original	<u>Final</u>	Actual	(Negative)
Salaries and wages	\$ 2,083,607	\$ 2,111,934	\$ 1,715,305	\$ 396,629
Fringe benefits	955,025	955,025	635,786	319,239
Total personnel	3,038,632	3,066,959	2,351,091	715,868
Total personner	5,050,052	3,000,737	2,331,071	/15,000
Services and supplies	560,663	560,663	363,778	196,885
Total operating expenditures	3,599,295	3,627,622	2,714,869	912,753
			<u> </u>	
Direct Programs:				
0000 Unallowable	82,186	82,186	82,186	
1000 Leadership Training	25,000	25,000	5,800	19,200
1020 Triennial Audit			944	(944)
1122 Legislative Advocacy	115,000	115,000	53,903	61,097
1130 Public Involvement	70,000	70,000	39,919	30,081
1770 Freeway Service Patrol (FSP)	445,630	445,630	258,810	186,820
1780 Call Boxes (SAFE)	167,207	167,207	81,100	86,107
1790 Rideshare	49,000	49,000	40,765	8,235
2310 Data Collection	36,500	36,500	30,189	6,311
4110 Environmental Doc Review			125,889	(125,889)
4150 Electric Vehicle Chargers			5,007	(5,007)
6148 Tri-County Bike Week	27,500	27,500	131	27,369
6220 RTIP & EIR Update	30,000	30,000	30,132	(132)
6262 RDIF Agency			5,154	(5,154)
6550 Complete Streets-Project Mgmt	30,000	30,000	51,737	(21,737)
6729 Salinas-STRS	519,683	519,683	326,292	193,391
6740 Mo. County Regional Cons. Strategy	30,700	30,700	102,401	(71,701)
6800 Rail Program			2,500	(2,500)
6803 Commuter Rail	11,002,625	11,002,625	3,538,663	7,463,962
6804 Branch Line Maintenance	150,000	150,000	36,124	113,876
6805 Rail and FORA property	10,000	10,000	11,938	(1,938)
6806 Rail-Monterey Branch Line			66	(66)
6807 Commuter Rail Leases	15,000	15,000	14,929	71
6809 Mo. Bay Rail Network Integ Study	147,463	147,463	134,655	12,808
7100 Safe Routes to School			20,202	(20,202)
7101 STRS-ATP Every Child	724,425	724,425	299,414	425,011
7301 FORTAG Env. Phase			152,185	(152,185)
7302 FORTAG Seg 1 Des/PSE & ROW			211,510	(211,510)
7420 RRP SR156-Castroville BLVD			183	(183)
7600 Habitat Preserv/Adv Mitigation			9,315	(9,315)
8010 Measure X-Materials and Services	45,000	45,000	43,251	1,749
Total Direct Programs	13,722,919	13,722,919	5,715,294	8,007,625
Total expenditures	17,322,214	17,350,541	8,430,163	8,920,378
Excess (deficiency) of revenues				
over expenditures			1,497,033	1,497,033
Fund balance, beginning of fiscal year	12,036,857	12,036,857	12,036,857	
Fund balance, end of fiscal year	\$ 12,036,857	\$ 12,036,857	\$ 13,533,890	\$ 1,497,033

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

Last 10 Years*

As of June 30, 2021

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

	 2021	 2020	 2019	 2018	 2017
Proportion of the net pension liability	0.00698%	0.00579%	0.00469%	0.00497%	0.00386%
Proportionate share of the net pension liability	\$ 759,349	\$ 593,760	\$ 451,902	\$ 492,754	\$ 333,720
Covered payroll	\$ 1,634,204	\$ 1,480,329	\$ 1,430,538	\$ 1,249,197	\$ 1,271,193
Proportionate share of the net pension liability as percentage of covered payroll	46.47%	40.11%	31.59%	39.45%	26.25%
Plan's total pension liability	\$ 43,702,930,887	\$ 41,426,453,489	\$ 38,944,855,364	\$ 37,161,348,332	\$ 33,358,627,624
Plan's fiduciary net position	\$ 32,822,501,335	\$ 31,179,414,067	\$ 29,308,589,559	\$ 27,244,095,376	\$ 24,705,532,291
Plan fiduciary net position as a percentage of the total pension liability	75.10%	75.26%	75.26%	73.31%	74.06%
	 2016	 2015			
Proportion of the net pension liability	0.00886%	0.01018%			
Proportionate share of the net pension liability	\$ 608,384	\$ 633,533			
Covered payroll	\$ 1,112,701	\$ 1,109,838			
Proportionate share of the net pension liability as percentage of covered payroll	54.68%	57.08%			
Plan's total pension liability	\$ 31,771,217,402	\$ 30,829,966,631			
Plan's fiduciary net position	\$ 24,907,305,871	\$ 24,607,502,515			
Plan fiduciary net position as a percentage of the total pension liability	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 seven years are shown.

SCHEDULE OF PENSION CONTRIBUTIONS

Last 10 Years*

As of June 30, 2021

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

	 2021		2020	 2019	2018	 2017
Contractually required contribution (actuarially determined)	\$ 221,290	\$	158,740	\$ 145,552	\$ 124,447	\$ 106,082
Contribution in relation to the actuarially determined contributions Contribution deficiency (excess)	\$ (221,290)	<u>\$</u>	(158,740)	\$ (145,552)	 (124,447)	 (106,082)
Covered payroll	\$ 1,650,417	\$	1,634,204	\$ 1,480,329	\$ 1,430,538	\$ 1,249,197
Contributions as a percentage of covered payroll	13.41%		9.71%	9.83%	8.70%	8.49%
Contractually required contribution (actuarially determined)	 2016	************	2015			
Contribution in relation to the actuarially determined contributions	\$ 129,283	\$	122,283			
Covered payroll	\$ (680,125) (550,842)	\$	(122,283)			
Contributions as a percentage of covered payroll	\$ 1,271,193	\$	1,112,701			
	53.50%		10.99%			

Notes to Schedule

Valuation Date:

6/30/2019

The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2020/2021 were derived from the June 30, 2020 funding valuation report.

Actuarial Cost Method

Entry Age Normal

Amortization Method/Period

For details, see June 30, 2019 funding

valuation report.

Inflation

2.75%

Salary Increases

Varies by entry age and service

Payroll Growth

2.75%

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 2017 CalPERS Experience Study for the

period from 1997 to 2015.

Mortality

The mortality table used was developed based on CalPERs' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016.

^{*-} Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown.

SCHEDULE OF CHANGES IN THE OPEB LIABILITY AND RELATED RATIOS

Last 10 Years*

As of June 30, 2021

Measurement Period		2021	2020			2019	2018
Total OPEB Liability							
Service cost	\$	48,205	\$	40,908	\$	29,259	\$ 31,432
Interest on the total OPEB liability		14,551		15,207		14,476	12,637
Actual and expected experience difference				(26,590)			
Changes in assumptions		50,569		56,311		33,118	(40,441)
Changes in benefit terms							
Benefit payments		(9,035)		(8,041)		(8,577)	(6,418)
Net change in total OPEB Liability		104,290		77,795		68,276	 (2,790)
Total OPEB liability- beginning		550,211		472,416		404,140	 406,930
Total OPEB liability- ending (a)		654,501	\$	550,211	\$	472,416	\$ 404,140
Covered payroll	\$	1,675,058	\$	1,671,217	\$	1,526,846	\$ 1,543,687
Total OPEB liability as a percentage of covered payroll		39.07%		32.92%		30.94%	26.18%

Notes to Schedule:

Changes of assumptions 2021: Changes of assumptions reflect the effects of changes in the discount rate from 2.45% in 2020 to 1.92% in 2021.

Changes of assumptions 2020: Changes of assumptions reflect the effects of changes in the discount rate from 3.13% in 2019 to 2.45% in 2020.

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 four years are shown.

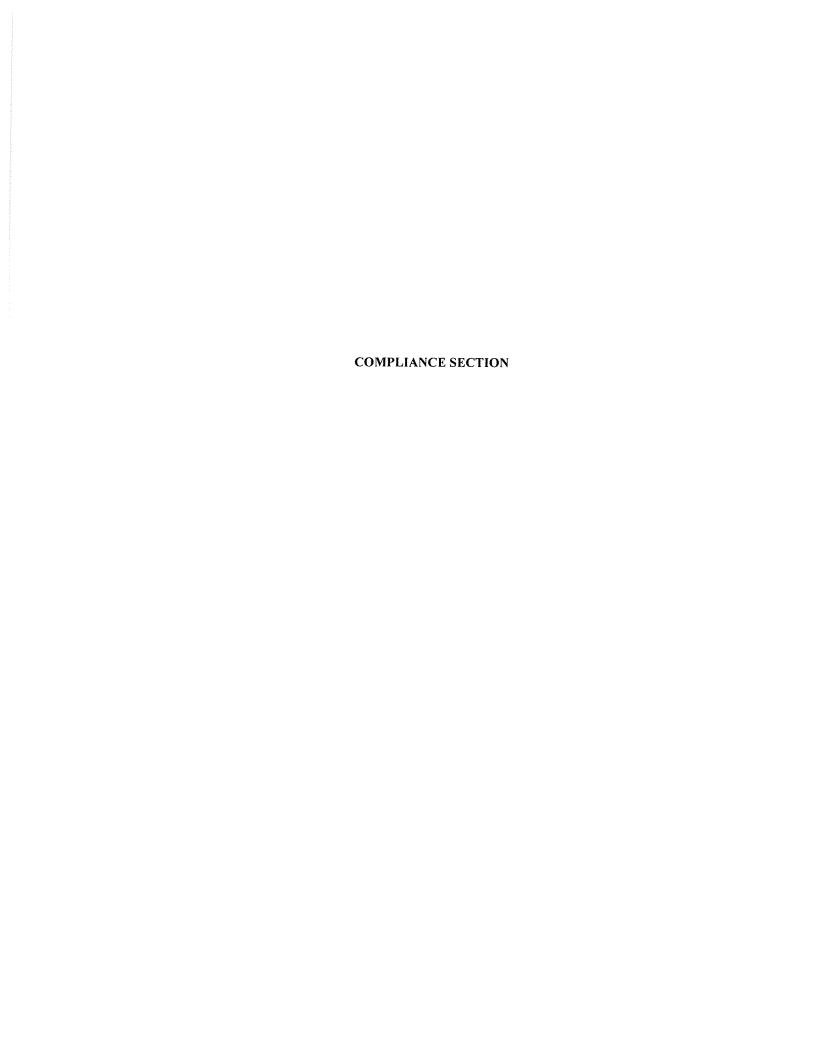
SCHEDULE OF OPEB CONTRIBUTIONS Last 10 Years As of June 30, 2021

As of June 30, 2021, the plan is not administered through a qualified trust. Therefore there is no Actuarially Determined Contribution (ADC). Benefit payments of \$9,035 were made on a pay-as-you-basis for the fiscal year ended June 30, 2021.

As of June 30, 2020, the plan is not administered through a qualified trust. Therefore there is no Actuarially Determined Contribution (ADC). Benefit payments of \$8,041 were made on a pay-as-you-basis for the fiscal year ended June 30, 2020.

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.





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, 2021.

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, 2021.

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.

Santa Maria, California

Moss, Leng & Haugheim LLP

June 1, 2022

SUPPLEMENTARY INFORMATION SECTION

SCHEDULE OF SERVICE AUTHORITY FOR FREEWAYS AND EXPRESSWAYS (SAFE) FUNDS REVENUES AND EXPENDITURES

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2021

	Work Elements/ Budget	Actual	Variance Favorable (Unfavorable)
Revenues:	¢ 240,000	¢ 404.247	¢ (4247
SAFE	\$ 340,000	\$ 404,347	\$ 64,347
Total revenues	340,000	404,347	64,347
Expenditures:			
Salaries/Fringe/Materials and services - callboxes	40,000	38,049	1,951
Salaries/Fringe/Materials and services - Rideshare	200,000	265,965	(65,965)
Direct programs - callboxes	167,207	81,100	86,107
Direct programs - Rideshare	49,000	40,765	8,235
Electric vehicle chargers		5,007	(5,007)
FSP match - Rideshare	99,126	59,889	39,237
Total expenditures	555,333	490,775	64,558
Excess (deficit) of revenues over expenditures	\$ (215,333)	(86,428)	\$ 128,905
SAFE carryover, beginning of fiscal year		1,658,683	
SAFE carryover, end of fiscal year		\$ 1,572,255	

State and regional planning assistance carryover, beginning of fiscal year

State and regional planning assistance carryover, end of fiscal year

SCHEDULE OF STATE AND REGIONAL PLANNING ASSISTANCE FUNDS REVENUES AND EXPENDITURES BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2021

			Work Elements/ Budget		Actual	F	Variance avorable nfavorable)
Revenues:							
Rural p	planning assistance	\$	475,327	\$	422,217	\$	(53,110)
Total re	evenues						
Expenditu	res:						
1000	Leadership training		25,000		5,800		19,200
1010	Work program administration		55,000		55,000		
1120	Planning coordination		148,582		148,582		
4110	Document review		22,122		17,562		4,560
6140	Bicycle/Pedestrian planning		38,608		30,363		8,245
6220	Regional transportation plan		56,953		56,953		
6410	Regional trans imp plan (RTIP)		74,905		53,800		21,105
6710	Corridor studies		20,728		20,728		
6740	Hiway 68 Monterey to Salinas	**************************************	33,429		33,429		
Total ex	xpenditures		475,327	***************************************	422,217		53,110
Excess	(deficit) of revenues over expenditures	\$	(475,327)			\$	_

SCHEDULE OF PLANNING, PROGRAMMING AND MONITORING FUNDS REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

			Work Elements/ Budget		Actual	F	Variance avorable favorable)
Revenues:	D 116 %	•	201.000	Φ.	201.000	Ф	
Plannin	g, Programming and Monitoring	<u>\$</u>	201,000	\$	201,000	\$	
Total re	evenues		201,000		201,000		
Expenditu	res:						
1130	Public involvement program		58,466		106,286		(47,820)
2310	Data collection				6,920		(6,920)
6500	Project development		100,934		52,036		48,898
6800	Rail planning		41,600		35,758		5,842
Total ex	penditures		201,000		201,000		
Excess	(deficit) of revenues over expenditures	\$				\$	_
Planning, P	rogramming and Monitoring carryover, beginning of fisc	al year					
Planning, P	rogramming and Monitoring carryover, end of fiscal year			\$	***		

SCHEDULE OF FREEWAY SERVICE PATROL REVENUES AND EXPENDITURES BUDGET AND ACTUAL For the Fiscal Year Ended June 30, 2021

		Work Elements/ Budget		Actual	Variance Favorable (Unfavorable)		
Revenues:							
Freeway service patrol	\$	396,504	\$	239,557	\$	(156,947)	
Local match		99,126		59,889	*	(39,237)	
Other - LTF				3,778		3,778	
Total revenues		495,630	***	303,224		(192,406)	
Expenditures:							
Salaries/Fringe/Materials & Supplies		50,000		44,414		5,586	
Direct programs - FSP		445,630		258,810		186,820	
Total expenditures	-	495,630	***************************************	303,224		192,406	
Excess (deficit) of revenues over expenditures	<u>\$</u>				\$	-	
Freeway service patrol carryover, beginning of fiscal year			***************************************				
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.

SCHEDULE OF EXPENDITURES BY WORK ELEMENT

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2021

	Element:	 Budget	_	Actual	Variance Favorable/(Unfavorable)			
1000	Leadership training-direct	\$ 25,000	\$	5,800	\$ 19,20			
1010	Work program administration operating	77,295		66,381	10,91			
020	LTF administration operating	53,435		52,049	1,386			
020	LTF Direct			944	(94-			
120	Planning coordination & Interagency liaison operating	221,948		199,850	22,09			
122	Legislative advocacy operating	45,504		58,814	(13,310			
122	Legislative advocacy direct	115,000		53,903	61,097			
130	Public involvement program operating	260,374		146,845	113,529			
1770	Public involvement program direct Freeway Service Patrol operating	70,000		39,919	30,08			
770	1	63,211		44,414	18,793			
780	Freeway Service Patrol direct SAFE operating	445,630		258,810	186,820			
780	SAFE direct	55,027		38,049	16,978			
1790	Rideshare operating	167,207		81,100	86,107			
790	Ridesharing direct	410,117		265,965	144,152			
2310	Data collection operating	49,000 15,598		40,765	8,235			
2310	Data collection direct	36,500		8,550	7,048			
2510	Regional transportation model operating	4,154		30,189 125,889	6,311			
1110	Document review operating	36,994		18,149	(121,735			
150	Electric vehicle charger direct	30,334			18,845			
140	Bicycle/Pedestrian planning operating	60,764		5,007 32,264	(5,007			
148	Tri-County bike week operating	4,973		4,404	28,500 569			
148	Tri-County bike week direct	27,500		132				
220	Regional transportation plan operating	86,924		66,422	27,368 20,502			
220	Regional transportation plan operating Regional transportation plan direct	30,000						
262	RDIF Agency operating	28,641		30,132 33,914	(132			
262	RDIF Agency direct	28,041		5,154	(5,273			
410	Regional trans imp plan (RTIP) operating	86,267		77,511	(5,154			
500	Project development operating	114,633		77,511 78,851	8,756 35,782			
550	Complete St Project Implemenation operating	92,453		197,039	(104,586			
550	Complete St Project Implemenation-Direct	30,000		51,737	` '			
710	Corridor studies operating	26,496		27,983	(21,737			
728	Seaside/Marina SRTS & Biking-Operating	3,075		21,905	(1,487 3,075			
729	Salinas STRS-Operating	103,421		17,151				
729	Salinas STRS Direct	519,683		326,242	86,270 193,441			
740	Measure X-Mo. County Reg Cons Strategy-Operating	67,598		18,822	48,776			
740	Measure X-Mo. County Reg Cons Strategy-Direct	30,700		102,401	(71,701			
800	Railroad operating	56,695		58,361	(1,666			
800	Railroad direct	30,073		2,500	(2,500			
803	Commuter rail operating	352,140		249,484	102,656			
803	Commuter rail direct	11,002,625		3,538,663	7,463,962			
804	Railroad leases operating	17,326		84,573	(67,247			
804	Railroad leases direct	150,000		36,124	113,876			
805	Railroad Fort Ord property operating	139,104		44,460	94,644			
805	Railroad Fort Ord property direct	10,000		11,938	(1,938			
806	Mtry Branch line alternative analysis operating	,		1,220	(1,220			
306	Mtry Branch line alternative analysis direct			66	(66			
807	Commuter rails lease operating	2,715		2,942	(227			
307	Commuter rails lease direct	15,000		14,929	71			
309	Mo. Bay Rail Network Integ Study-Operating	51,079		66,024	(14,945)			
309	Mo. Bay Rail Network Integ Study-Direct	147,463		134,656	12,807			
310	Cal Am Water-Operating	,		1,233	(1,233)			
20	Handcar	6,383		11,141	(4,758)			
00	Pavement Management-Operating	3,060		13,844	(10,784)			
00	Safe Routes to School-Operating	48,267		166,462	(118,195)			
00	Safe Routes to School-Direct			20,202	(20,202)			
01	STRS-ATP-Every Child Operating	96,744		35,642	61,102			
01	STRS-ATP-Every Child Direct	724,425		299,414	425,011			
00	Senior & Disabled-Operating	42,683		10,262	32,421			
00	FORTAG-Operating	163,482		143,528	19,954			
01	FORTAG Env Phase	. ,		152,185	(152,185)			
02	FORTAG Seg 1 Des/PSE & ROW Direct			211,510	(211,510)			
10	Regional Roads-Hwy 68 Salinas-Mty-Operating	189,679		94,154	95,525			
20	Regional Roads-SR 156-Castrovile BlvdOperating	74,600		77,635	(3,035)			
30	Regional Roads-Holman Highway-Operating	9,813		,	9,813			
40	Regional Roads-Imjin Multimodal Corridor-Operating	13,180		1,609	11,571			
50	Regional Roads-US 101 South County-Operating	104,716		46,932	57,784			
60	Regional Roads-Hwy 1 Bus Rapid Corridor-Operating	99,655		86,498	13,157			
00	Commuter Bus, SV Transit, Vanpools-Operating			4,537	(4,537)			
00	Habitat Presery/Advance Mitigation-Operating			13,015	(13,015)			
00	Sales Tax Measure Admin-Operating	209,074		156,525	52,549			
10	Sales Tax Measure -Materials & Services	45,000		43,251	1,749			
00	Unallowable-operating	15,000		17,272	(17,272)			
00	Unallowable-Direct	82,186		82,186	(17,272)			
	- '	 			·			
	Total expenditures by work element	\$ 17,322,216	\$	8,546,528	\$ 8,775,688			

LOCAL TRANSPORTATION FUND

SCHEDULE OF ALLOCATIONS BY PURPOSE

Fiscal Year Ended June 30, 2021

	Pedestrian and Bicycle Sec. 99234	Public Transportation Other Sec. 99260 (a)		special sportation 99260.7, 400 (c)	 Streets and Roads Sec. 99400(a)
Project and programs Administration	\$ 356,830	\$ -	\$	-	\$ -
Monterey County and					
Unincorporated Area		4,577,829			
Cities:					
Carmel		156,510			
Del Rey Oaks		68,068			
Gonzales		340,615			
Greenfield		706,942			
King City		577,989			
Marina		901,175			
Monterey		1,116,724			
Pacific Grove		623,486			
Salinas		6,390,581			
Sand		15,584			
Seaside		1,325,874			
Soledad	 	 683,308			
Allocations	\$ 356,830	\$ 17,484,685	\$		\$ -

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

Regional ansportation Planning ec. 99231.1		Total Allocations
	_	
\$ 000 405	\$	
908,485		908,485
		4,577,829
		156,510
		68,068
		340,615
		706,942
		577,989
		901,175
		1,116,724
		623,486
		6,390,581
		15,584
		1,325,874
 		683,308
\$ 908,485_	\$	18,750,000

LOCAL TRANSPORTATION FUND SCHEDULE OF CLAIMS BY PURPOSE

Fiscal Year Ended June 30, 2021

	Pedestrian and Bicycle ec. 99234	and Transportation icycle Other		Special Transportation Sects. 99260.7, 99400 (c)			Streets and Roads Sec. 99400 (a)
Project and programs Administration	\$ 90,242	\$	-	\$	-	\$	-
Monterey County and							
Unincorporated Area			4,651,441				
Cities:							
Carmel			159,764				
Del Rey Oaks			67,433				
Gonzales			344,388				
Greenfield			738,758				
King City			598,170				
Marina			904,311				
Monterey			1,139,959				
Pacific Grove			618,835				
Salinas			6,561,723				
Sand			15,552				
Seaside			1,356,797				
Soledad	 	•	693,594				
Claims	\$ 90,242	\$ 1	7,850,725	\$		\$	_

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

	Regional Insportation		
	Planning		Total
Se	c. 99233.1	- 4	Claims Paid
\$	908,484	\$	90,242 908,484
			4,651,441
			159,764
			67,433
			344,388
			738,758
			598,170
			904,311
			1,139,959
			618,835
			6,561,723
			15,552
			1,356,797
			693,594
\$	908,484	\$	18,849,451

STATE TRANSIT ASSISTANCE FUND

SCHEDULE OF AMOUNTS ALLOCATED AND DISBURSED BY PURPOSE

Fiscal Year Ended June 30, 2021

	Monterey- Salinas Transit Sects. 6730(b) 6730(a) 6731(c) Operating, Capital		Salinas City of Transit Greenfield ts. 6730(b) Sects. 6730(a) 0(a) 6731(c) 6730(b)		City of Gonzales Sec. 6730(b) Capital		5	City of Soledad 6730(b)		City of King c. 6730(b)	
							Capital		Capital		 Total
Allocations	\$	4,789,598	\$	-	\$		\$	_	\$	•	\$ 4,789,598
Disbursements: 2020-21 Claims	\$	3,959,452	\$	-	\$	_	\$	••	\$	=	\$ 3,959,452
Total disbursement	ts \$	3,959,452	\$	-	\$	-	\$	-	\$	-	3,959,452