

**TRANSPORTATION AGENCY FOR
MONTEREY COUNTY**

FINANCIAL STATEMENTS
June 30, 2020

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
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FINANCIAL SECTION



Moss, Levy & Hartzheim LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Transportation Agency for Monterey County
Salinas, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Transportation Agency for Monterey County (the Agency), as of and for the fiscal year ended June 30, 2020, 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, 2020, 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 44 and 45, the schedule of proportionate share of net pension liability on page 46, the schedule of pension contributions on page 47, the schedule of changes in OPEB liability and related ratios on page 48, and the schedule of OPEB contributions on page 49 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 April 16, 2021, on our consideration of the Transportation Agency for Monterey County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Moss, Renz & Hurlbain LLP

Santa Maria, California
April 16, 2021

Management's Discussion and Analysis

Overview of the Transportation Agency and Audited Finances for Fiscal Year Ending June 30, 2020

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 86% of the Agency's funding comes from state and federal grants. Local funding is primarily from member agency contributions, lease revenues and Measure X.

Work Program Highlights

During fiscal year (FY) 2019/2020, 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.

Corridor Studies: To address transportation needs around the county, the Agency completed one study funded by a Caltrans planning grant and completed a corridor study funded by the Agency's Measure X program, as follows:

- Canyon Del Rey -SR 218 Corridor: Funded by a Caltrans Strategic Partnerships Planning Grant, this study evaluated how to improve pedestrian and bicyclist safety along Highway 218 from Highway 68 to Highway 1, through Monterey, Seaside and Del Rey Oaks. During fiscal year 2018/19 the draft report was compiled and released for public comment, including presentations to the three city councils. The final corridor study was approved at the August 2019 TAMC Board meeting.
- State Route 156 Multimodal Corridor Plan: Agency staff developed the State Route 156 Multimodal Corridor Plan to document the eligibility of the State Route 156 - Castroville Interchange project for Cycle 2 (Fiscal Year 2020-21) of the SB 1 funded Solutions for Congested Corridors Program. The Plan provides an overview of the history of the corridor and documentation of the many planning documents and studies related to the corridor; it defines the project's purpose and need; and offers a thorough review of stakeholder and community outreach behind the various planning documents used to develop the Multimodal Corridor Plan. The Plan concludes with a chapter acknowledging a suite of multimodal improvements along the corridor including the State Route 156 Castroville Boulevard Interchange which the Agency, in partnership with Caltrans, is actively pursuing construction funding for.

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 Seaside's Campus Town Project and two major annexation projects in the City of Gonzales (Vista Lucia Annexation and Puente Del Monte Annexation). The Agency also supported jurisdictions across Monterey County in meeting requirements of SB 743 by securing technical assistance on a regional scale.

Regional Conservation Investment Strategy: Funded with a Caltrans Adaptation Planning Grant, this effort is assessing the vulnerability of Monterey County's critical habitat and infrastructure to environmental stressors, identify potential strategies to assist with protecting at risk habitat and infrastructure, and establish a mitigation banking credit system to fund implementation of the strategies. The recently adopted Measure X plan includes \$5 million in mitigation funding to help implement the strategy. Work in FY 19/20 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, and presenting to the Technical Advisory Committee and the Transportation Agency Board. Work will continue in FY 20/21 to complete the Strategy.

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.

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 developed and adopted the 2022 Regional Transportation Plan's Goals and Policy Objectives and is actively working on development of the Monterey County project list and financial projections, while continuing to collaborate with AMBAG on the environmental process. The Agency is on schedule for adoption of the 2022 Regional Transportation Plan planned for June 2022.

Safe Routes to School Plans: The Agency completed one plan and started a new plan, funded by Caltrans planning grants, as follows:

- **Safe Routes to School Plan, Seaside and Marina:** Funded by a Caltrans Sustainable Transportation Planning Grant, this project created a safe routes to school plan for all K-12 schools in the cities of Seaside and Marina. The planning effort kicked-off in May 2018 and the plan was adopted by the City of Marina, City of Seaside, Monterey Peninsula Unified School District Board and Transportation Agency for Monterey County Board in February 2020. Work in FY 19/20 consisted of seeking input from schools, cities, and community members on the draft list of recommendations, draft plan, and final draft plan, managing a project website with a mechanism for online public input, revising the planning document based on community feedback, and final adoption of the Plan.
- **Safe Routes to School Plan, Salinas:** The Agency kicked-off the Salinas Safe Routes to School Plan with partners in October 2019. The Plan is funded through a Caltrans planning grant and will include recommended improvements for all 42 K-12 public schools in the City of Salinas. The project team includes the City of Salinas, Ecology Action, Monterey County Health Department and Transportation Agency for Monterey County. In FY 19/20 the project team

prepared for the first round of community workshops with the Salinas City Elementary School District and the Santa Rita School Districts but had to postpone the events due to COVID-19 shelter-in-place orders issued in March 2020.

Funding

- **Measure X:** In 2019/20, the Transportation Agency continued to publicize how it is using the money from the Measure X 3/8% transportation sales tax, approved by over 2/3rds of the voters in November 2016. These efforts include regular quarterly meetings with the Measure X Citizens Oversight Committee, assisting the Oversight Committee with their second Measure X audit report and publishing the results of the audit, as well as providing a project delivery summary in the Agency's annual report. The Transportation Agency also utilized other communication tools including press releases, media interviews, social media postings, workshops, and project signage when appropriate.
- **Fort Ord Reuse Authority:** As FORA moved towards its final sunset on June 30, 2020, Agency staff coordinated with the Authority to provide information on the transition of the regional and offsite project impact fees into the Regional Development Impact Fee, and was a recipient of bond proceeds to fund building removal on Agency-owned properties located within the former Fort Ord.
- **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 participated in many of the workshops setting the updated guidelines for various SB 1 funding programs and 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 20/21. The Agency was successful in receiving an Active Transportation Program Cycle 4 grant in the amount of \$10.4 million for the Fort Ord Regional Trail and Greenway – Highway 218 segment, and \$2.1 million for the countywide "Every Child Safe Routes to School" education and traffic gardens project. The Agency has disseminated information to its member agencies on SB 1 funding estimates and reporting

requirements and has monitored and provided input on the funding program rules and regulations. Applications were prepared for several of the competitive SB 1 funding programs (Local Partnership, Trade Corridor and Congested Corridors) to fully fund the Highway 156 – Castroville Boulevard interchange safety project.

- **Seniors & Disabled Transportation Grants:** The Agency reviewed quarterly claims and progress reports submitted by grantees from the first grant cycle. Staff conducted a needs assessment and utilized the information to guide the update of the Cycle 2 program guidelines. The Board of Directors approved over \$1.5 million in funding for Cycle 2 projects for covering fiscal years 2020/21, 2021/22, and 2022/2023, in consultation with the Measure X Transportation Oversight Committee.
- **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 contracted with a firm to conduct the Triennial Performance Audit covering fiscal years 2016/17, 2017/18, and 2018/19.
- **TDA 2% Bike/Pedestrian Funding:** The Agency administered and monitored delivery of projects funded by the Transportation Development Act Article 3 bicycle/pedestrian (TDA 2% program) account. Staff prepared agendas for and held meetings of the Bicycle and Pedestrian Facilities Advisory Committee to discuss transportation issues and solicit input for programming future TDA funds to projects over the next three years.

Project Delivery

Fort Ord Regional Trail and Greenway Project – The Agency conducted extensive outreach and coordination with local jurisdictions and the project's consultants for the environmental and preliminary engineering phase. The project's Environmental Impact Report was certified by the TAMC Board in March 2020. A Master Agreement was presented to and approved by the underlying jurisdictions. 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.

Monterey-Salinas Transit South County Operations and Maintenance Facility – 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 Agency executed a short-term loan agreement and a regional funding agreement with MST to support construction of the South County Maintenance and Operations Facility with Measure X funds. This project held its groundbreaking in July 2020.

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 2020, the Agency continued the construction contract for Package 1: roadway and parking improvements at the Salinas train station. The Agency continued to make progress with the acquisition of right-of-way parcels in Salinas.

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

SR 156 West Corridor project – Castroville Blvd Interchange: Caltrans is the implementing agency for the project. Transportation Agency is providing joint project management for the design team, project funding, coordination with local agencies, community outreach and media relations. The Agency staff also hired a consultant to perform roundabout design peer review to support the Caltrans design team. TAMC and Caltrans collaborated to submit grant applications to fund construction of the Castroville Boulevard Interchange through the federal Better Utilizing Investment to Leverage Development (BUILD) grant program and the state's Trade Corridor Enhancement Program through Senate Bill 1. The Agency also submitted grant applications to the Solutions for Congested Corridors and Local Partnership Program through SB 1 to support construction of the interchange project, as noted above.

SURF! Busway and Bus Rapid Transit: The Agency is working with Monterey-Salinas Transit (MST) on the Measure X funded SURF! Busway and Rapid Transit project. MST has hired a consultant to conduct preliminary engineering and environmental analysis work for the project. The project consists of approximately 6 miles of a bus-only roadway for dedicated transit service in the TAMC-owned Monterey Branch Line right-of-way. The Agency has been actively coordinating with MST on all aspects of the project, including preliminary design, public outreach, and environmental review.

US 101 South of Salinas: Agency staff issued a Request for Proposals and hired a 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 is conducting remote meetings, sending postcards, and taking input on the project website.

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

Program Delivery

Bike Safety Education: The Agency dedicated Transportation Development Act funds to fund the three years of Bike Month education and promotions; however, 2019 Bike Month activities were cancelled due to the COVID-19 Shelter in Place Order.

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

SAFE Callbox Motorist Assistance: The Agency continued to administer the Monterey County call box motorist assistance program, including renewal, management and monitoring the contract with and performance of the call center. The Agency also managed a call box maintenance contract, which includes site improvements for call box accessibility. During this fiscal year, staff continued developing a modernization program to remove call boxes from underutilized corridors and install 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, First 5 Monterey County, Monterey County Libraries and Hijos del Sol to create a traveling children's museum exhibit (MY Town) that teaches traffic safety to young children and their guardians. Agency staff applied for and was awarded an Active Transportation Grant to augment education and create traffic gardens in coordination

with the Measure X Safe Routes to School program. This “Every Child: Community-Supported Safe Routes to School” work kicked-off with partners (Monterey County Health Department and Ecology Action) in October 2019. The grant provided funding to pilot a number of non-infrastructure safe routes to school programs at 11 elementary schools across Monterey County including walking school buses, walk & roll, bike & walk rodeos, high school bike shop, walk & bike to school day, family fun festivals, traffic gardens and community safe routes to school groups. COVID-19 shelter-in-place orders put in effect March 2020 meant the closure of school sites across Monterey County and delayed some of the work planned for the 4th quarter of the fiscal year.

Trip Reduction Program – Go831: The program objective is to reduce trips (through telecommuting, active transportation, and transit use) to reduce greenhouse gas emissions and result in a more efficient use of the road network. The Agency has strengthened the program by hiring a Go831 Coordinator who built the foundation for content development for the Go831 website and social media platforms for employee and employer engagement. Staff used the RideAmigos platform to run the annual Commute Challenge in October 2019. The Agency quickly shifted to address the unprecedented telecommuting needs by providing training and support for employees and employers who were adapting to working conditions imposed upon them by the COVID-19 Shelter in Place Order. Agency staff will continue to work with major employers and the regional non-profit, Monterey Bay Economic Partnership over the next years of the program to initiate, support and enhance employer commute programs. TAMC also coordinated with Caltrans on their Carmel to Cambria transportation demand management study.

Right-of-Way Management

Easements: Agency staff worked with various parties to assure that their requests for easements did not reduce the viability of future transit service along the Monterey Branch Line right-of-way. Staff had branch line easement discussions with California American Water regarding the location of a water pipeline linear easement and began developing an agreement; the City of Sand City regarding an easement for an extension of California Avenue and shared parking near Contra Costa Street; and California State Parks regarding crossing of balloon spur for the Fort Ord Dunes State Park Campground project.

Property Maintenance: The Agency performed routine maintenance and managed leases on the Monterey Branch Line right-of-way. Staff worked to improve building security and assess hazardous materials and clean up needs.

Property Usage: Staff reviewed two unsolicited proposals for recreational operations on the Monterey Branch Line and developed an agreement for a recreational handcart pilot test (which was cancelled due to COVID-19). The Agency brought on a retired annuitant

to conduct a strengths/weaknesses/opportunities/threats analysis of the TAMC property on the former Fort Ord and to create scenarios 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. These tools included utilizing traditional media & social media, community meetings, presentations, panel discussions, focus groups, public hearings, soliciting public input via surveys, the Agency's website, informational marketing materials, the TAMC annual report, virtual meetings, e-newsletters, monthly Board highlights report, videos, ribbon-cutting ceremonies, and print advertisements when appropriate.

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

Interagency Coordination:

California Association of Councils of Governments, Rural Counties and Self-Help Counties Coalition: The Agency attended 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 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).

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 assets of the Agency increased from \$ 27,503,234 on June 30, 2019, to \$ 34,584,379 on June 30, 2020. The Agency has unassigned reserves of \$8,078,791 as of June 30, 2020. The Agency requires the maintenance of unassigned reserves equal to six months of operating expenditures. Of the \$8,078,791 in unassigned reserves, \$1,799,648 is reserved for six months of cash flow for the operating budget for FY 2020/2021.

Transportation Agency for Monterey County Revenues and Expenditures

The Agency revenues during FY 2019/2020 were \$13,250,666, consisting primarily of \$11,360,512 in state funds. Other revenues included \$6,206 in federal funds, and \$1,883,948 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 \$2,678,678 in operating expenditures, and \$11,656,631 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 \$35,117 for a Triennial Audit, \$44,031 for Legislative Advocacy, \$31,704 for Freeway Service Patrol, \$90,926 for Call Boxes (SAFE), \$41,493 for Ride Share, \$37,429 for Branch Line Maintenance, \$62,404 for Public Outreach, \$920,273 for FORTAG, \$18,107 for Complete Streets Project Management, \$163,646 for Seaside/Marina Safe Routes to School, \$118,044 for Safe Routes to School, \$222,138 for Monterey County Regional Conservation Study, \$195,123 for Monterey Bay Rail Network Integration Study, \$16,940 for Commuter Rail Leases and \$9,075,141 in rail program expenditures for Salinas Rail Extension activities.

The Agency operating expenses of \$2,678,678 included 85.0% for personnel costs and the remainder for materials, services, and equipment purchases. The operating expenses in FY 2019/2020 were 10.0% more than the previous fiscal year. This was primarily due to an increase in salaries, fringes, pension related costs and materials and services. A payment of \$550,842 towards the unfunded pension liability was paid in FY15/16. However, for reimbursement purposes, Caltrans requires the Agency to book the expense of the unfunded liability over a 5-year period (\$110,168/year).

Overall Financial Position

The overall financial position of the Agency decreased during FY 2019/2020, with the total fund balance decreasing from \$13,121,500 to \$12,036,857. 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 2019/2020, 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, 2020, the Agency reported a liability of \$593,670 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019.

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, 2020, the Agency reported a liability of \$550,211 for other post-employment benefits.

Over the 12-month period from July 1, 2019, to June 30, 2020 the reserves for the call box program decreased, from \$1,736,114 to \$1,658,683. The unassigned fund balance increased from \$6,999,339 to \$8,078,791.

The Agency trust fund balances increased by a total of \$10,630,209 during FY 2019/2020, 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, 2020:

◆ Local Transportation Fund	\$ 2,564,354
◆ State Transit Assistance Fund	\$ 115
◆ Regional Surface Transportation Program	\$14,522,768
◆ <u>Transportation Safety & Investment Fund (Measure X)</u>	<u>\$32,826,927</u>
TOTAL TRUST FUNDS	\$49,914,164

Budget Variances

The Agency's actual operating expenditures for FY 2019/2020 were below the budgeted expenditures by \$839,500. Direct program expenditures were below budgeted expenditures by \$9,118,381.

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, 2020 of \$1,801,916.

Current Financial Issues and Concerns

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

Senate Bill 1 resulted in a greater level of certainty for transportation funding, but much of that funding is through competitive grants. In the reporting period, the Transportation Agency secured \$10.7 million in competitive funds for the Fort Ord

Regional Trail and Greenway, and funding for the Safe Routes to School, Salinas program, coordinated with MST on a Transit and Intercity Rail Capital program grant submittal, and submitted applications for \$20 million in funding for the SR 156 improvements. While the Agency has been quite successful in receiving several federalized competitive planning grants, TAMC has not received PL formula funds from the Association of Monterey Bay Area Governments since FY 2014/15.

A chief financial risk is that sales tax revenues will fall when the economy declines, which occurred starting in the second quarter of 2020 due to the COVID-19 shelter-in-place restrictions. Sales revenues are expected to fall below 2019 levels for at least two years. Another risk is that continued reliance on gas taxes as the primary source of state and federal revenues is not sustainable (also in evidence due to the COVID-19 economic depression), but transition to a revenue source that is less reliant on gas-fueled vehicles has been slow. Federal grants are increasingly competitive, rather than formula funds, and while the Agency did submit an application for the federal BUILD grant program, in the past it has also not been successful in securing federal competitive grants. In addition, the 2020 STIP fund estimate is not as robust as originally anticipated, due to prior actions related to the sales tax on gasoline. In light of the drop in gas tax revenues under the shelter-in-place, the funding is expected to fall below prior estimates, but the California Transportation Commission has adopted a “wait and see” approach and has delayed project funding. To mitigate these funding uncertainties, the Agency continues to control expenditures to stay within its budget and maintain a prudent cash reserve.

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

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

The countywide traffic impact fee will provide additional funding for future regional roadway projects, but it continues to be collected at a reduced rate than expected due to slower than projected land use development. The prospects for new federal transportation funding are uncertain in this election year; there is still discussion about an infrastructure funding package, but the key goal is on reauthorization of the current transportation act to avoid a delay in receiving existing funds.

During the period, the Agency made its fifth payment to the State of California towards the audit-related liability of \$821,858.90. This liability will be paid back with no interest over a ten-year period out of unassigned reserve funds, as approved by the Board of Directors. In early 2016, the Agency completed its *Audit Action Plan*, and finalized all the remaining documents in that plan. To assure compliance with changing state and federal requirements, the Agency conducts ongoing training of staff and updates to its procurement and other policies.

More Information

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
STATEMENT OF NET POSITION
June 30, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 11,016,074
Receivables	4,453,933
Prepaid expenditures	11,595
Capital assets:	
Nondepreciable	24,010,367
Depreciable - net	<u>28,614</u>
 Total assets	 <u>39,520,583</u>
DEFERRED OUTFLOWS OF RESOURCES	
OPEB	72,348
Pensions	<u>425,654</u>
Total deferred outflows of resources	<u>498,002</u>
LIABILITIES	
Accounts payable	1,435,818
Accrued expenses	62,200
Unearned revenue	1,946,727
Reimbursement agreement - due in one year	82,186
Compensated absences - due in one year	61,754
Noncurrent liabilities	
Due in more than one year	<u>1,657,976</u>
 Total liabilities	 <u>5,246,661</u>
DEFERRED INFLOWS OF RESOURCES	
OPEB	47,421
Pensions	<u>140,124</u>
Total deferred inflows of resources	<u>187,545</u>
NET POSITION	
Net investment in capital assets	24,038,981
Restricted:	
SAFE	1,658,683
Unrestricted	<u>8,886,715</u>
 Total net position	 <u>\$ 34,584,379</u>

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2020

		Program Revenues		
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
Transportation	\$ 6,169,521	\$ -	\$ 12,737,816	\$ -
Total governmental activities	\$ 6,169,521	\$ -	\$ 12,737,816	\$ -
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

\$ 6,568,295

6,568,295

214,036
292,683

506,719

7,075,014

27,503,234

\$ 34,578,248

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
 GOVERNMENTAL FUND
 BALANCE SHEET
 June 30, 2020

	General Fund
Assets	
Cash and investments	\$ 11,016,074
Accounts receivable	4,453,933
Prepaid expenditures	11,595
	<hr/>
Total assets	\$ 15,481,602
	<hr/>
Liabilities and Fund Balance	
Liabilities:	
Accounts payable	\$ 1,435,818
Accrued expenditures	62,200
Unearned revenue	1,946,727
	<hr/>
Total liabilities	3,444,745
	<hr/>
Fund Balance	
Nonspendable	
Prepaid expenditures	11,595
Restricted:	
SAFE	1,658,683
Assigned:	
Commuter rail leases	208,689
Railroad leases	1,582,951
Committed:	
OPEB	85,219
Caltrans	410,929
Unassigned	8,078,791
	<hr/>
Total fund balance	12,036,857
	<hr/>
Total liabilities and fund balance	\$ 15,481,602
	<hr/>

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
RECONCILIATION OF THE GOVERNMENTAL
FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2020

Total Fund Balance - Governmental Fund \$ 12,036,857

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		<u>(252,582)</u>	
Net			24,038,981

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Compensated absences	\$	247,016	
Reimbursement agreement		410,929	
OPEB liability		550,211	
Net pension liability		<u>593,760</u>	
			(1,801,916)

Deferred outflows and inflows of resources relating to pensions and OPEB: In governmental funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions and OPEB are reported.

Deferred inflows of resources relating:			
to pensions	\$	(140,124)	
to OPEB		(47,421)	
Deferred outflows of resources relating:			
to pensions		425,654	
to OPEB		<u>72,348</u>	
			<u>310,457</u>

Total Net Position - Governmental Activities \$ 34,584,379

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2020

	<u>General Fund</u>
Revenues:	
Federal Revenues:	
SR 156 Project Management	\$ <u>6,206</u>
	<u>6,206</u>
State Revenues:	
Prop 116	4,923,096
TCRP	657,774
Freeway Service Patrol	271,652
SAFE	387,740
Rural Planning Assistance	455,539
Planning, Programming and Monitoring	234,000
RSTPI & RSTPP	139,801
Local Transportation Fund	1,353,740
SRTS Marina Seaside	61,563
SRTS Salinas	85,200
Mo. County Regional Cons. Strategy	242,511
Mo. Bay Rail Network Integ Study	282,417
PTA-STIP	1,908,912
FORTAG Environmental Phase	356,567
	<u>11,360,512</u>
Local Revenues:	
CMP	243,076
Interest	214,036
Lease revenue - MBL Row and Commuter Rail	292,683
RDIF	10,000
Cal Am Water	(60)
STRS ATP every child	61,260
Handcars advance	6,131
Measure X - Projects/Programs	865,005
Measure X - Materials and Services	27,297
Measure X - Administration	164,520
	<u>1,883,948</u>
Total revenues	<u>13,250,666</u>
Expenditures:	
Salaries and wages	1,686,207
Fringe benefits	599,698
Total personnel	<u>2,285,905</u>
Services and supplies	392,773
Total operating expenditures	<u>2,678,678</u>
Direct programs	11,656,631
Total expenditures	<u>14,335,309</u>
Excess (deficiency) of revenues over expenditures	(1,084,643)
Fund balance, beginning of fiscal year	<u>13,121,500</u>
Fund balance, end of fiscal year	<u>\$ 12,036,857</u>

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2020

Net change in fund balance - governmental fund \$ (1,084,643)

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 \$8,383,360 is more than the depreciation expense of \$14,714 in the period.

8,368,646

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 \$54,035.

(54,035)

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:

18,165

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:

(249,174)

Change in net position - governmental activities

\$ 7,081,145

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2020

	Private Purpose Trust Funds				Totals
	Local Transportation Fund	State Transit Assistance Fund	State Highway Account Fund	Transportation Safety and Investment Plan Account Fund	
ASSETS					
Cash and investments	\$ 1,377,324	\$ 115	\$ 15,016,791	\$ 29,442,833	\$ 45,837,063
Accounts receivable	3,090,896	1,412,337		5,320,416	9,823,649
Loan to Del Rey Oaks				764,713	764,713
Loan to Gonzales				2,001,218	2,001,218
Total assets	4,468,220	1,412,452	15,016,791	37,529,180	58,426,643
LIABILITIES					
Liabilities:					
Due to other agencies	1,903,866	1,412,337	494,023	4,702,253	8,512,479
Total liabilities	1,903,866	1,412,337	494,023	4,702,253	8,512,479
NET POSITION					
Held in trust for:					
Other agencies	2,564,354	115	14,522,768	32,826,927	49,914,164
Total net position held in trust	\$ 2,564,354	\$ 115	\$ 14,522,768	\$ 32,826,927	\$ 49,914,164

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2020

	Private Purpose Trust Funds				Totals
	Local Transportation Fund	State Transit Assistance Fund	State Highway Account Fund	Transportation Safety and Investment Plan Account Fund	
Additions:					
SB 1 Additional Gas Tax	\$ -	\$ 817,726	\$ -	\$ -	\$ 817,726
Sales tax	17,701,210	5,031,228		28,593,906	51,326,344
State Highway Account funds			5,270,769		5,270,769
Interest, loss recovery, and other fees	39,347	3,479	267,188	631,913	941,927
Total additions	17,740,557	5,852,433	5,537,957	29,225,819	58,356,766
Deductions:					
Claims paid to:					
Carmel				198,339	198,339
Del Rey Oaks				72,022	72,022
Gonzales				200,992	200,992
Greenfield				433,183	433,183
King City				393,351	393,351
Marina			59,272	680,105	739,377
Monterey			589,113	1,042,025	1,631,138
Pacific Grove			128,863	564,803	693,666
Salinas			253,051	4,307,506	4,560,557
Sand City				28,616	28,616
Seaside			428,581	1,023,230	1,451,811
Soledad				576,569	576,569
County of Monterey			2,446,713	7,284,754	9,731,467
TAMC					
Administration	908,484			288,823	1,197,307
Materials, services, and project costs	699,450		139,802	2,410,295	3,249,547
Monterey - Salinas Transit	16,714,575	5,854,040			22,568,615
Total deductions	18,322,509	5,854,040	4,045,395	19,504,613	47,726,557
Change in net position	(581,952)	(1,607)	1,492,562	9,721,206	10,630,209
Net position - held in trust, beginning of fiscal year	3,146,306	1,722	13,030,206	23,105,721	39,283,955
Net position - held in trust, end of fiscal year	\$ 2,564,354	\$ 115	\$ 14,522,768	\$ 32,826,927	\$ 49,914,164

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. The Reporting Entity

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

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

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

B. Government-wide and Fund Financial Statements

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

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

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

C. Basis of Presentation

Government-wide Financial Statements:

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

Government-wide Financial Statements (Continued):

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

Fund Financial Statements:

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

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

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

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

Revenues – exchange and non-exchange transactions:

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

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

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.

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets

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

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

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

I. Unearned Revenue

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

J. Deferred Outflows and Inflows of Resources

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

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

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

K. Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term 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.

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

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.

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

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.

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

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. 84	"Fiduciary Activities"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
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. 90	"Majority Equity Interests-an Amendment of GASB Statements No. 14 and No. 61"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
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 provisions of this statement are effective for fiscal years beginning December 15, 2019.

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.

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 2 - CASH AND INVESTMENTS (Continued)

On June 30, 2020 the Agency had the following cash and investments on hand:

Cash and investments with County Treasurer	\$ 56,662,844
Petty cash	200
Cash in bank	<u>190,093</u>
 Total cash and investments	 <u>\$ 56,853,137</u>

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

Cash and investments, statement of net position	\$ 11,016,074
Cash and investments, statement of fiduciary net position	<u>45,837,063</u>
 Total cash and investments	 <u>\$ 56,853,137</u>

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:

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13-24 Months</u>	<u>25-60 Months</u>	<u>More than 60 Months</u>
County of Monterey					
Treasury Pool	\$ 56,662,844	\$ 56,662,844	\$ -	\$ -	\$ -
Total	<u>\$ 56,662,844</u>	<u>\$ 56,662,844</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Disclosures Relating to Credit Risk

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 2 - CASH AND INVESTMENTS (Continued)

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt from Disclosure</u>	<u>Rating as of Fiscal Year End</u>		
				<u>AAA</u>	<u>AA</u>	<u>Not Rated</u>
County of Monterey Treasury Pool	\$ 56,662,844	N/A	\$ -	\$ -	\$ -	\$ 56,662,844
Total	\$ 56,662,844		\$ -	\$ -	\$ -	\$ 56,662,844

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, 2020, 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.

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 3 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital assets, not being depreciated				
Right of Way	\$ 14,703,608	\$ 1,849,560	\$ -	\$ 16,553,168
Construction in progress	923,399	6,533,800		7,457,199
Total capital assets, not being depreciated	<u>\$ 15,627,007</u>	<u>\$ 8,383,360</u>	<u>\$ -</u>	<u>\$ 24,010,367</u>
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	237,868	14,714		252,582
Total capital assets, being depreciated, net	<u>\$ 43,328</u>	<u>\$ (14,714)</u>	<u>\$ -</u>	<u>\$ 28,614</u>
Governmental activities, capital assets, net	<u>\$ 15,670,335</u>	<u>\$ 8,368,646</u>	<u>\$ -</u>	<u>\$ 24,038,981</u>

NOTE 4 - LONG-TERM LIABILITIES

The following is a summary of long-term liability activity for the fiscal year ended June 30, 2020:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Due within One Year
Compensated absences	\$ 192,981	\$ 73,515	\$ 19,480	\$ 247,016	\$ 61,754
Reimbursement agreement	493,115		82,186	410,929	82,186
OPEB liability	472,416	112,426	34,631	550,211	
Net pension liability	451,902	337,890	196,032	593,760	
Total	<u>\$ 1,610,414</u>	<u>\$ 523,831</u>	<u>\$ 332,329</u>	<u>\$ 1,801,916</u>	<u>\$ 143,940</u>

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, 2020, the remaining balance of the agreement is \$410,929.

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, 2019 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, 2019 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.

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

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, 2020, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
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	10.331% + \$19,829	6.985% + \$827

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 \$158,740 for the fiscal year ended June 30, 2020.

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

At June 30, 2020, the Agency reported a liability of \$593,760 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019 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, 2019, the Authority's proportion was 0.01483%, which increased by 0.00284% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Agency recognized pension expense of \$337,890. 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, 2020, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 6 - PENSION PLAN (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 41,239	\$ 3,195
Changes in assumptions	28,313	10,037
Net difference between projected and actual earnings on retirement plan investments		10,381
Changes in proportion	197,632	
Differences between actual contributions and proportionate share of contributions		116,511
Agency contributions subsequent to the measurement date	158,470	
	<u>\$ 425,654</u>	<u>\$ 140,124</u>

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.

\$158,740 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, 2021.

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
2021	\$ 91,437
2022	27,564
2023	5,961
2024	2,098
	<u>\$ 127,060</u>

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	Miscellaneous June 30, 2018
Measurement Date	June 30, 2019
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.

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

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.

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:

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 6 - PENSION PLAN (Continued)

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

	1% Decrease 6.15%	Discount Rate 7.15%	1% Increase 8.15%
Agency's proportionate share of the net pension plan liability	\$ 1,443,046	\$ 593,760	\$ (107,265)

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, 2020, the Agency had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2020.

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	<u>17</u>

Contributions

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

OPEB Liability

The Agency's OPEB Liability was measured as of June 30, 2020 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.

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 7 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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, 2019 to June 30, 2020.

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 2.45 percent.

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

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

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

Reporting Date	Measurement Date	Long-Term Expected Return of Plan Investments (if any)	Municipal Bond 20 Year High Grade Rate Index	Discount Rate
June 30, 2018	June 30, 2018	4.00%	3.62%	3.62%
June 30, 2019	June 30, 2019	4.00%	3.13%	3.13%
June 30, 2020	June 30, 2020	4.00%	2.45%	2.45%

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 7 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Changes in the OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2019 (Valuation Date July 1, 2019)	\$ 472,416
Changes recognized for the measurement period:	
Service cost	40,908
Interest	15,207
Changes of assumptions	56,311
Difference between expected and actual experience	(26,590)
Benefit payments	(8,041)
Net Changes	<u>77,795</u>
Balance at June 30, 2020 (Measurement Date June 30, 2020)	<u>\$ 550,211</u>

Changes in assumptions: The change of assumptions reflect a change in the discount rate from 3.13% in 2019 to 2.45% in 2020.

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 (1.45 percent) or 1-percentage-point higher (3.45 percent) than the current discount rate:

	<u>1% Decrease 1.45%</u>	<u>Discount Rate 2.45%</u>	<u>1% Increase 3.45%</u>
OPEB Liability	\$ 644,041	\$ 550,211	\$ 474,483

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 (4.9 percent) or 1-percentage point higher (6.9 percent) than the current healthcare cost trend rates:

	<u>1% Decrease 4.90%</u>	<u>Trend Rate 5.90%</u>	<u>1% Increase 6.90%</u>
OPEB Liability	\$ 457,424	\$ 550,211	\$ 670,534

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

For the fiscal year ended June 30, 2020, the Agency recognized OPEB expense of \$59,630. As of the fiscal year ended June 30, 2020, the Agency reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 22,736
Change in assumptions	72,348	24,685
	<u>\$ 72,348</u>	<u>\$ 47,421</u>

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

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:

<u>Fiscal year ending June 30,</u>	<u>Amount</u>
2021	\$ 3,515
2022	3,515
2023	3,515
2024	3,515
2025	5,090
Thereafter	5,777
	<u>\$ 24,927</u>

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, 2020, the City has drawn \$2,500,000, accrued interest of \$83,302, and repaid \$582,084 for a net loan receivable of \$2,001,218.

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, 2020, the City has drawn \$829,028, accrued interest of \$9,815, and repaid \$74,130 for a net loan receivable of \$764,713.

NOTE 10 - SENATE BILL 1 – STATE OF GOOD REPAIR

The Road Repair and Accountability Act of 2017, Senate Bill (SB) 1 (Chapter 5, Statutes 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.

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

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

For the fiscal year ended June 30, 2020, the Transportation Agency for Monterey County received \$817,726. The funding was distributed to the Monterey-Salinas Transit.

NOTE 11 - CONTINGENCIES

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 INFORMATION SECTION

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final
	Original	Final		Budget Positive (Negative)
Revenues:				
Federal Revenues:				
SR 156 Project Management	\$ 40,000	\$ 40,000	\$ 6,206	\$ (33,794)
	<u>40,000</u>	<u>40,000</u>	<u>6,206</u>	<u>(33,794)</u>
State Revenues:				
Prop 116	2,098,836	2,098,836	4,923,096	2,824,260
TCRP	14,848,337	14,848,337	657,774	(14,190,563)
Freeway Service Patrol	459,743	459,743	271,652	(188,091)
SAFE	451,207	451,207	387,740	(63,467)
Rural Planning Assistance	447,000	504,098	455,539	(48,559)
Planning, Programming and Monitoring	234,000	234,000	234,000	0
RSTP & RSTPP	212,200	212,200	139,801	(72,399)
Local Transportation Fund	1,260,985	1,260,985	1,353,740	92,755
SRTS Marina Seaside	81,438	81,438	61,563	(19,875)
SRTS Salinas		374,493	85,200	(289,293)
Mo. County Regional Cons. Strategy	207,531	207,531	242,511	34,980
Mo. Bay Rail Network Integ Study	275,000	275,000	282,417	7,417
STRS ATP Every Child	647,258	647,258		(647,258)
PTA-STIP	200,000	200,000	1,908,912	1,708,912
FORTAG Environmental Phase	325,000	325,000	356,567	31,567
SBI LPP	130,400	130,400		(130,400)
	<u>21,878,935</u>	<u>22,310,526</u>	<u>11,360,512</u>	<u>(10,950,014)</u>
Local Revenues:				
CMP	243,076	243,076	243,076	
Interest			214,036	214,036
Lease revenue - MBL Row and Commuter				
Rail	292,000	292,000	292,683	683
RDIF	10,000	10,000	10,000	
Cal Am Water			(60)	(60)
STRS ATP every child	19,632	19,632	61,260	41,628
Handcars advance			6,131	6,131
Measure X - Materials and Services	19,000	19,000	27,297	8,297
Measure X - Administration	200,000	200,000	164,520	(35,480)
Measure X - Projects/Programs	500,000	473,472	865,005	391,533
Measure X - Regional Conservation Strategy	26,888	26,888		(26,888)
TAMC Reserve	658,596	658,596		(658,596)
	<u>1,969,192</u>	<u>1,942,664</u>	<u>1,883,948</u>	<u>(58,716)</u>
Total revenues	<u>23,888,127</u>	<u>24,293,190</u>	<u>13,250,666</u>	<u>(11,042,524)</u>

continued

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final
	Original	Final		Budget Positive (Negative)
Expenditures:				
Salaries and wages	\$ 2,012,170	\$ 2,060,208	\$ 1,686,207	\$ 374,001
Fringe benefits	913,700	913,700	599,698	314,002
Total personnel	2,925,870	2,973,908	2,285,905	688,003
Services and supplies	544,270	544,270	392,773	151,497
Total operating expenditures	3,470,140	3,518,178	2,678,678	839,500
Direct Programs:				
0000 Unallowable	82,186	82,186	82,186	
1000 Leadership Training	25,000	35,570	15,338	20,232
1020 Triennial Audit	40,000	40,000	35,117	4,883
1122 Legislative Advocacy	115,000	115,000	44,031	70,969
1130 Public Involvement	81,000	81,000	62,404	18,596
1770 Freeway Service Patrol (FSP)	419,743	419,743	310,704	109,039
1780 Call Boxes (SAFE)	167,207	167,207	90,926	76,281
1790 Rideshare	44,000	44,000	41,493	2,507
2310 Data Collection	30,000	30,000	14,134	15,866
4150 Electric Vehicle Chargers			7,935	(7,935)
6148 Tri-County Bike Week	27,500	27,500	4,747	22,753
6262 RDIF Agency			1,086	(1,086)
6500 Project Management	50,000	50,000		50,000
6550 Complete Streets-Project Mgmt	510,000	510,000	18,107	491,893
6728 Seaside/Marina SRTS & Biking	74,768	74,768	163,646	(88,878)
6729 Salinas-STRS		346,455		346,455
6740 Mo. County Regional Cons. Strategy	181,732	181,732	222,128	(40,396)
6800 Rail Program			2,500	(2,500)
6803 Commuter Rail	16,947,173	16,947,173	9,075,141	7,872,032
6804 Branch Line Maintenance	100,000	100,000	37,249	62,751
6805 Rail and FORA property	17,000	17,000	143,333	(126,333)
6806 Rail-Monterey Branch Line			1,145	(1,145)
6807 Commuter Rail Leases	15,000	15,000	16,940	(1,940)
6809 Mo. Bay Rail Network Integ Study	200,000	200,000	195,123	4,877
6810 Cal Am Water			5,548	(5,548)
6820 Hand Car			50	(50)
7100 Safe Routes to School			118,044	(118,044)
7101 STRS-ATP Every Child	621,678	621,678		621,678
7301 FORTAG Env. Phase	650,000	650,000	908,990	(258,990)
7410 RRP 68 Salinas to Monterey			1,075	(1,075)
7420 RRP SR156-Castroville BLVD			3,175	(3,175)
7450 RRP US 101 South County			1,438	(1,438)
7460 RRP Hwy 1 Rapid Bus Control			5,595	(5,595)
8010 Measure X-Materials and Services	19,000	19,000	27,303	(8,303)
Total Direct Programs	20,417,987	20,775,012	11,656,631	9,118,381
Total expenditures	23,888,127	24,293,190	14,335,309	9,957,881
Excess (deficiency) of revenues over expenditures			(1,084,643)	(1,084,643)
Fund balance, beginning of fiscal year	13,121,500	13,121,500	13,121,500	
Fund balance, end of fiscal year	\$ 13,121,500	\$ 13,121,500	\$ 12,036,857	\$ (1,084,643)

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
 Last 10 Years*
 As of June 30, 2020

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

	<u>2020</u>		<u>2019</u>		<u>2018</u>		<u>2017</u>		<u>2016</u>
Proportion of the net pension liability	0.00579%		0.00469%		0.00497%		0.00386%		0.00886%
Proportionate share of the net pension liability	\$ 593,760	\$	451,902	\$	492,754	\$	333,720	\$	608,384
Covered payroll	\$ 1,480,329	\$	1,430,538	\$	1,249,197	\$	1,271,193	\$	1,112,701
Proportionate share of the net pension liability as percentage of covered payroll	40.11%		31.59%		39.45%		26.25%		54.68%
Plan's total pension liability	\$ 41,426,453,489	\$	38,944,855,364	\$	37,161,348,332	\$	33,358,627,624	\$	31,771,217,402
Plan's fiduciary net position	\$ 31,179,414,067	\$	29,308,589,559	\$	27,244,095,376	\$	24,705,532,291	\$	24,907,305,871
Plan fiduciary net position as a percentage of the total pension liability	75.26%		75.26%		73.31%		74.06%		78.40%
	<u>2015</u>								
Proportion of the net pension liability	0.01018%								
Proportionate share of the net pension liability	\$ 633,533								
Covered payroll	\$ 1,109,838								
Proportionate share of the net pension liability as percentage of covered payroll	57.08%								
Plan's total pension liability	\$ 30,829,966,631								
Plan's fiduciary net position	\$ 24,607,502,515								
Plan fiduciary net position as a percentage of the total pension liability	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 six years are shown.

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SCHEDULE OF PENSION CONTRIBUTIONS
Last 10 Years*
As of June 30, 2020

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

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

Notes to Schedule

Valuation Date: 6/30/2016

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

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

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SCHEDULE OF CHANGES IN THE OPEB LIABILITY AND RELATED RATIOS
 Last 10 Years*
 As of June 30, 2020

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

Notes to Schedule:

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 three years are shown.

TRANSPORTATION AGENCY FOR MONTEREY COUNTY

SCHEDULE OF OPEB CONTRIBUTIONS

Last 10 Years

As of June 30, 2020

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.

COMPLIANCE SECTION



**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, 2020.

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, 2020.

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

Moss, Levy & Hartzheim LLP

Santa Maria, California
April 16, 2021

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SUPPLEMENTARY INFORMATION SECTION

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SCHEDULE OF SERVICE AUTHORITY FOR FREEWAYS AND EXPRESSWAYS (SAFE) FUNDS
REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Work Elements/ Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
SAFE	\$ 340,000	\$ 387,740	\$ 47,740
Total revenues	<u>340,000</u>	<u>387,740</u>	<u>47,740</u>
Expenditures:			
Salaries/Fringe/Materials and services - callboxes	40,000	27,952	12,048
Salaries/Fringe/Materials and services - Rideshare	200,000	229,086	(29,086)
Direct programs - callboxes	167,207	90,926	76,281
Direct programs - Rideshare	49,000	41,492	7,508
Electric vehicle chargers		7,935	(7,935)
FSP match - Rideshare	<u>99,606</u>	<u>67,780</u>	<u>31,826</u>
Total expenditures	<u>555,813</u>	<u>465,171</u>	<u>90,642</u>
Excess (deficit) of revenues over expenditures	<u>\$ (215,813)</u>	<u>(77,431)</u>	<u>\$ 138,382</u>
SAFE carryover, beginning of fiscal year		<u>1,736,114</u>	
SAFE carryover, end of fiscal year		<u>\$ 1,658,683</u>	

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SCHEDULE OF STATE AND REGIONAL PLANNING ASSISTANCE FUNDS
REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Work Elements/ Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Rural planning assistance	\$ 504,098	\$ 455,539	\$ (48,559)
Total revenues	<u>504,098</u>	<u>455,539</u>	<u>(48,559)</u>
Expenditures:			
1000 Leadership training	35,570	15,338	20,232
1010 Work program administration	55,000	55,000	0
1120 Planning coordination	153,582	153,582	0
4110 Document review	22,122	22,122	0
6140 Bicycle/Pedestrian planning	38,608	35,881	2,727
6220 Regional transportation plan	46,953	37,311	9,642
6410 Regional trans imp plan (RTIP)	76,578	76,578	0
6710 Corridor studies	20,728	20,728	0
6729 Hiway 68 corridor study_pg	26,528	12,871	13,657
6740 Hiway 68 Monterey to Salinas	28,429	26,128	2,301
Total expenditures	<u>504,098</u>	<u>455,539</u>	<u>48,559</u>
Excess (deficit) of revenues over expenditures	<u>\$ -</u>		<u>\$ -</u>
State and regional planning assistance carryover, beginning of fiscal year		<u> </u>	
State and regional planning assistance carryover, end of fiscal year		<u>\$ -</u>	

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SCHEDULE OF PLANNING, PROGRAMMING AND MONITORING FUNDS
REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Work Elements/ Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Planning, Programming and Monitoring	\$ 234,000	\$ 234,000	\$ -
Total revenues	<u>234,000</u>	<u>234,000</u>	
Expenditures:			
1130 Public involvement program	33,698	123,709	(90,011)
2310 Data collection		9,787	(9,787)
6140 Bicycle/Pedestrian planning	1,000		1,000
6500 Project development	157,702	51,798	105,904
6800 Rail planning	<u>41,600</u>	<u>48,706</u>	<u>(7,106)</u>
Total expenditures	<u>234,000</u>	<u>234,000</u>	
Excess (deficit) of revenues over expenditures	<u>\$ -</u>		<u>\$ -</u>
Planning, Programming and Monitoring carryover, beginning of fiscal year		<u> </u>	
Planning, Programming and Monitoring carryover, end of fiscal year		<u>\$ -</u>	

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SCHEDULE OF FREEWAY SERVICE PATROL
REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Work Elements/ Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Freeway service patrol	\$ 436,717	\$ 271,652	\$ (165,065)
Local match	99,606	67,780 *	(31,826)
Other - LTF		(1,795)	(1,795)
	<u>536,323</u>	<u>337,637</u>	<u>(198,686)</u>
Expenditures:			
Salaries/Fringe/Materials & Supplies	70,336	26,933	43,403
Direct programs - FSP	419,743	310,704	109,039
	<u>490,079</u>	<u>337,637</u>	<u>152,442</u>
Excess (deficit) of revenues over expenditures	<u>\$ 46,244</u>	\$ -	<u>\$ (46,244)</u>
Freeway service patrol carryover, beginning of fiscal year		<u> </u>	
Freeway service patrol carryover, end of fiscal year		<u>\$ -</u>	

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SCHEDULE OF EXPENDITURES BY WORK ELEMENT
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

Work Element:	Variance		
	Budget	Actual	Favorable/(Unfavorable)
1000 Leadership training-direct	\$ 35,570	\$ 15,338	\$ 20,232
1010 Work program administration operating	71,852	64,078	7,774
1020 LTF administration operating	50,081	45,977	4,104
1020 LTF Direct	40,000	35,117	4,883
1120 Planning coordination & Interagency liaison operating	203,751	230,351	(26,600)
1122 Legislative advocacy operating	47,641	57,195	(9,554)
1122 Legislative advocacy direct	115,000	44,031	70,969
1130 Public involvement program operating	304,083	156,729	147,354
1130 Public involvement program direct	81,000	62,404	18,596
1770 Freeway Service Patrol operating	70,336	26,932	43,404
1770 Freeway Service Patrol direct	419,743	310,704	109,039
1780 SAFE operating	69,863	27,952	41,911
1780 SAFE direct	167,207	90,926	76,281
1790 Rideshare operating	402,941	229,086	173,855
1790 Ridesharing direct	44,000	41,493	2,507
2310 Data collection operating	11,107	11,275	(168)
2310 Data collection direct	30,000	16,245	13,755
2510 Regional transportation model operating	9,036	169	8,867
4110 Document review operating	22,122	44,575	(22,453)
4150 Electric vehicle charger direct		7,935	(7,935)
6140 Bicycle/Pedestrian planning operating	68,253	37,800	30,453
6148 Tri-County bike week operating	17,708		17,708
6148 Tri-County bike week direct	27,500	4,747	22,753
6220 Regional transportation plan operating	47,054	34,594	12,460
6262 RDIF Agency operating	43,966	26,500	17,466
6262 RDIF Agency direct		1,086	(1,086)
6410 Regional trans imp plan (RTIP) operating	80,837	129,189	(48,352)
6500 Project development operating	178,362	61,790	116,572
6500 Project development direct	50,000		50,000
6502 SR 156 West Project Mgmt operating	62,785	5,742	57,043
6550 Complete St Project Implementation operating	122,697	100,939	21,758
6550 Complete St Project Implementation-Direct	510,000	18,107	491,893
6710 Corridor studies operating	22,877	48,537	(25,660)
6728 Seaside/Marina SRTS & Biking-Operating	68,496	22,494	46,002
6728 Seaside/Marina SRTS & Biking-Direct	74,768	163,646	(88,878)
6729 Salinas STRS-Operating	28,038		
6729 Salinas STRS Direct	346,455		
6740 Measure X-Mo. County Reg Cons Strategy-Operating	81,116	39,997	41,119
6740 Measure X-Mo. County Reg Cons Strategy-Direct	181,732	222,128	(40,396)
6800 Railroad operating	45,899	66,996	(21,097)
6800 Railroad direct		2,500	(2,500)
6803 Commuter rail operating	288,878	278,667	10,211
6803 Commuter rail direct	16,947,173	9,075,141	7,872,032
6804 Railroad leases operating	27,867	32,686	(4,819)
6804 Railroad leases direct	100,000	37,249	62,751
6805 Railroad Fort Ord property operating	198,075	87,738	110,337
6805 Railroad Fort Ord property direct	17,000	144,478	(127,478)
6806 Mtry Branch line alternative analysis operating	1,535	925	610
6807 Commuter rails lease operating	4,272	1,644	2,628
6807 Commuter rails lease direct	15,000	16,940	(1,940)
6809 Mo. Bay Rail Network Integ Study-Operating	81,174	49,308	31,866
6809 Mo. Bay Rail Network Integ Study-Direct	200,000	195,123	4,877
6810 Cal Am Water-Operating	2,147	34,558	(32,411)
6810 Cal Am Water-Direct		5,548	(5,548)
6820 Handcar		50	(50)
7000 Pavement Management-Operating	7,419	4,338	3,081
7100 Safe Routes to School-Operating	65,391	99,592	(34,201)
7100 Safe Routes to School-Direct		139,452	(139,452)
7101 STRS-ATP-Every Child Operating	59,259		
7101 STRS-ATP-Every Child Direct	621,678		
7200 Senior & Disabled-Operating	30,074	48,536	(18,462)
7300 FORTAG-Operating		238,962	(238,962)
7300 FORTAG-Direct	56,688	11,475	45,213
7301 FORTAG Env Phase	650,000	908,798	(258,798)
7410 Regional Roads-Hwy 68 Salinas-Mty-Operating	198,346	66,348	131,998
7420 Regional Roads-SR 156-Castroville Blvd.-Operating	36,503	81,698	(45,195)
7430 Regional Roads-Holman Highway-Operating	8,716	680	8,036
7440 Regional Roads-Imjin Multimodal Corridor-Operating	10,608	3,847	6,761
7450 Regional Roads-US 101 South County-Operating	72,302	33,817	38,485
7460 Regional Roads-Hwy 1 Bus Rapid Corridor-Operating	34,807	51,731	(16,924)
7500 Commuter Bus, SV Transit, Vanpools-Operating		5,718	(5,718)
7600 Habitat Preserv/Advance Mitigation-Operating		1,383	(1,383)
8000 Sales Tax Measure Admin-Operating	222,216	164,230	57,986
8010 Sales Tax Measure -Materials & Services		27,297	(27,297)
0000 Unallowable-operating		31,070	(31,070)
0000 Unallowable-Direct	82,186	99,467	(17,281)
911 Admin overhead operating		(148,489)	148,489
Total expenditures by work element	\$ 24,293,190	\$ 14,335,309	\$ 8,902,451

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
LOCAL TRANSPORTATION FUND
SCHEDULE OF ALLOCATIONS BY PURPOSE
Fiscal Year Ended June 30, 2020

	Pedestrian and Bicycle <u>Sec. 99234</u>	Public Transportation Other <u>Sec. 99260 (a)</u>	Special Transportation Sects. 99260.7, <u>99400 (c)</u>	Streets and Roads <u>Sec. 99400(a)</u>
Project and programs Administration	\$ 341,830	\$ -	\$ -	\$ -
Monterey County and Unincorporated Area		4,387,147		
Cities:				
Carmel		141,697		
Del Rey Oaks		63,933		
Gonzales		324,466		
Greenfield		680,407		
King City		562,251		
Marina		847,307		
Monterey		1,070,205		
Pacific Grove		591,724		
Salinas		6,113,123		
Sand		14,888		
Seaside		1,294,916		
Soledad		657,621		
Allocations	<u>\$ 341,830</u>	<u>\$ 16,749,685</u>	<u>\$ -</u>	<u>\$ -</u>

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

Regional Transportation Planning Sec. 99231.1	Total Allocations
\$ 908,485	\$ 341,830
	908,485
	4,387,147
	141,697
	63,933
	324,466
	680,407
	562,251
	847,307
	1,070,205
	591,724
	6,113,123
	14,888
	1,294,916
	657,621
<u>\$ 908,485</u>	<u>\$ 18,000,000</u>

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
LOCAL TRANSPORTATION FUND
SCHEDULE OF CLAIMS BY PURPOSE
Fiscal Year Ended June 30, 2020

	Pedestrian and Bicycle Sec. 99234	Public Transportation Other Sec. 99260 (a)	Special Transportation Sects. 99260.7, 99400 (c)	Streets and Roads Sec. 99400 (a)
Project and programs Administration	\$ 699,450	\$ -	\$ -	\$ -
Monterey County and Unincorporated Area		4,346,370		
Cities:				
Carmel		148,916		
Del Rey Oaks		64,921		
Gonzales		325,447		
Greenfield		676,032		
King City		553,289		
Marina		860,155		
Monterey		1,067,587		
Pacific Grove		595,574		
Salinas		6,138,441		
Sand		14,874		
Seaside		1,330,699		
Soledad		592,270		
Claims	<u>\$ 699,450</u>	<u>\$ 16,714,575</u>	<u>\$ -</u>	<u>\$ -</u>

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

<u>Regional Transportation Planning Sec. 99233.1</u>	<u>Total Claims Paid</u>
\$ 908,484	\$ 699,450
	908,484
	4,346,370
	148,916
	64,921
	325,447
	676,032
	553,289
	860,155
	1,067,587
	595,574
	6,138,441
	14,874
	1,330,699
	592,270
<u>\$ 908,484</u>	<u>\$ 18,322,509</u>

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
STATE TRANSIT ASSISTANCE FUND
SCHEDULE OF AMOUNTS ALLOCATED AND DISBURSED BY PURPOSE
Fiscal Year Ended June 30, 2020

	Monterey- Salinas Transit Sects. 6730(b) 6730(a) 6731(c) <u>Operating, Capital</u>	City of Greenfield Sects. 6730(a) 6730(b) <u>Capital</u>	City of Gonzales Sec. 6730(b) <u>Capital</u>	City of Soledad Sec. 6730(b) <u>Capital</u>	City of King Sec. 6730(b) <u>Capital</u>	<u>Total</u>
Allocations	<u>\$ 5,717,498</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,717,498</u>
Disbursements:						
2019-20 Claims	<u>\$ 5,031,228</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,031,228</u>
Total disbursements	<u>\$ 5,031,228</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>5,031,228</u>