TRANSPORTATION AGENCY FOR MONTEREY COUNTY

FINANCIAL STATEMENTS
June 30, 2022

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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

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Transportation Agency of Monterey County (the Agency), as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

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 Agency, as of June 30, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Agency's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of changes in OPEB liability and related ratios, the schedule of OPEB contributions, the schedule of proportionate share of pension liability, and the schedule of pension contributions 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, 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 performed for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information listed in the table of contents are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 August 31, 2023, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Moss, Levy & Hartzheim LLP

Santa Maria, California
August 31, 2023

Management's Discussion and Analysis

Overview of the Transportation Agency and Audited Finances
for Fiscal Year Ending June 30, 2022

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, environmental 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 and 1 part-time employee. About 65% 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) 2021/2022, 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 Monterey County. 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 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; an update to the Monterey County bike map; and the distribution of and responses to Bicycle Facilities Service Request Forms. The Active Transportation Support Program, an expansion of the Bicycle Secure Program, was developed and approved by the TAMC board. Staff prepared agendas for and held meetings of the Bicycle and Pedestrian Facilities Advisory Committee to discuss transportation issues and solicit input on active transportation policies, projects, and programs.

Corridor Studies: The Agency is coordinating with the development of a Central Coast Electric Vehicle Charging Network study, administered by the Santa Barbara County Association of Governments. Staff reviewed and commented on Caltrans and other state documents, such as the California Action Plan for Transportation Infrastructure. The Agency assisted Monterey County staff to identify projects developed in the G-12 North County Study for grant applications.

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 CSUMB Master Plan Draft EIR, CSUMB Stadium Renovation Project, ParkIT Shuttle Program, City of Marina's Downtown Vitalization Plan, City of Monterey's Move Monterey Multimodal Plan, City of Monterey Warf Parking Lot Improvements, the Vista Lucia Annexation Project in Gonzales, and City of Salinas Park and Recreational Facility project.

Rail Network Integration Study: The Agency adopted the 20-year vision plan for the Central Coast, known as the Monterey Bay Area Rail Network Integration Study, in August 2021.

Regional Traffic Counts Program: The Transportation Agency continued the annual program collecting traffic counts across the county. This data was made available to AMBAG to support the regional travel demand model, which is utilized for planning purposes throughout the Monterey Bay region. The Spring 2020 (off-peak) counts were canceled due to the COVID-19 shelter-in-place order; however, the counts program resumed in September 2020 (peak) and continues with its regular Fall (peak) and Spring (off-peak) schedule.

Regional Transportation Plan/Sustainable Communities Strategy Adoption: The Agency continued coordination efforts with the Association of Monterey Bay Area Governments, the Santa Cruz County Regional Transportation Commission, and the San Benito County Council of Governments on the 2022 Regional Transportation Plan and the 2045 Metropolitan Transportation Plan and Sustainable Communities Strategy. The Agency completed coordination with member jurisdictions to update project lists for incorporation into the Plan, as well as the financial assumptions for the Plan, including projected revenues and costs for the 20+ year planning horizon. The Agency's Board of Directors approved the project list and financial assumptions for analysis in the Plan at their January 27, 2021, meeting. Agency staff collaborated with AMBAG during the joint environmental review process for the Metropolitan Transportation Plan and the

Regional Transportation Plans for the tri-county area. The Agency adopted the 2022 Regional Transportation Plan and associated environmental documents in June 2022 after a robust public outreach effort.

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

- Safe Routes to School Plan, Salinas: The Plan is funded through a Caltrans planning grant; the project team includes the City of Salinas, Ecology Action, Monterey County Health Department, and the Transportation Agency for Monterey County. In FY21/22, the project team completed two pop-up street demonstrations and collected data and community opinion surveys to get input on the new designs. The team drafted the Plan including profiles for each of the 42 schools and a project ranking system. Public review of the draft Plan was conducted in Fall 2022.

- Salinas Valley Safe Routes to School Plan: In June 2021, Caltrans awarded TAMC a $664,127 grant for the Salinas Valley Safe Routes to School Plan, which will be matched with $126,501 in Measure X funds. The Plan will provide safe walking and bicycling education and recommend active transportation infrastructure improvements around twenty-two K-12 public schools serving all the nearly 16,000 students in the cities of Gonzales, King City, Soledad, and Greenfield. Work on the plan kicked-off in Spring 2022, in partnership with the Monterey County Health Department and Ecology Action. The team started outreach in Greenfield, collecting and reviewing background data, distributing a parent survey, collecting community feedback at an event held at the library, and conducting school site audits for all K-12 schools in the city. The team assembled the Greenfield Safe Routes to School Steering Committee made up of a diverse group of community members and advocates who will develop and implement a participatory budgeting process in-step with the planning process. The first Steering Committee meeting was held in June 2022, and will continue monthly for 6 months. The meetings are being held in Spanish to best accommodate all community members.

<u>Funding</u>

- Measure X: In 2021/22, the Transportation Agency continued to utilize Measure X to leverage state funding, securing matching funds for Safe Routes to Schools plans. Administrative oversight of the program continued, including obtaining the annual audit from the cities and the County, preparing TAMC's Measure X audit, holding regular quarterly meetings with the Measure X Citizens Oversight Committee, and assisting the Oversight Committee in preparing their annual Measure X audit report.

- Regional Development Impact Fee: The Agency continued to work with our member jurisdictions to ensure accurate and consistent application of the fees to new development. This process has involved providing periodic training to planning staff;

holding meetings with individual member staff, developers, and Board members to discuss development proposals and how the regional fees should best be applied; reviewing fee estimate calculations for errors; and writing correspondence to provide timely updates on any revisions to the fees. Staff was able to resolve all issues and no Board appeals were requested by applicants.

- SB 1 Funding: The Agency coordinated with the California Transportation Commission on projects funded with Local Partnership Program formula and competitive funds to receive extensions on their allocation deadlines due to COVID-19 related delays in delivery. All the affected projects are expected to move forward with their allocations in FY 22/23. The Agency has disseminated information to its member agencies on SB 1 funding estimates and reporting requirements and has monitored and provided input on the funding program rules and regulations.

- Seniors & Disabled Transportation Grants: The Board of Directors, in consultation with the Measure X Transportation Oversight Committee, awarded $1.5 million in Cycle 2 funding in May 2020, covering three fiscal years: 2020/21, 2021/22, and 2022/2023. The Agency continues to review quarterly claims and progress reports submitted by grantees from the second grant cycle. Preparation work for the third grant cycle has begun.

- Local Access Fund Program: On April 28, 2021, the TAMC Board approved serving as the Local Access Fund Administrator for the CPUC Access for All on-demand Wheelchair Accessible Vehicle transportation program. The Agency is eligible to act as the Local Access Fund Administrator and is scheduled to grant funding to a local provider of on-demand Wheelchair Accessible Transportation services in August 2022. The next funding cycle will start in June 2023.

- 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.

- Regional Surface Transportation Program (RSTP) Exchange and Transportation Development Act (TDA) 2% Bike/Pedestrian Funding: The Agency administered and monitored delivery of projects funded by the TDA 2% program and RSTP accounts. Staff answered funding questions and solicited input for programming future RSTP exchange and TDA funds to projects over the next three years. The next funding cycle is slated for 2023.

Project Delivery

Fort Ord Regional Trail and Greenway Project: The Agency initiated design and right-of-way work for Phase 1 of the Canyon Del Rey/SR 218 segment and conducted extensive outreach and coordination with the public, local jurisdictions, Monterey Peninsula Regional Parks District, and Caltrans. Design and right-of-way work will continue through fiscal year 2022/23.

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

Rail to Salinas: Agency staff continued work on the Monterey County Rail Extension, coordinating with Caltrain and the State of California to implement a state-only funded "Kick-Start" project of extending passenger rail service to Salinas. The project includes improvements at Salinas and Gilroy in the near term, and construction of stations at Pajaro/ Watsonville and Castroville when additional funding can be secured. In FY 2021/22, TAMC closed out the construction work on Package 1 (roadway and parking improvements at the Salinas train station) and coordinated with the California Transportation Commission and Caltrans on the transfer of properties to the City of Salinas. The Agency continued to make progress with the acquisition of right-of-way parcels in Salinas and with the final design of Package 2 (Salinas layover facility) and Package 3 (track connections in Gilroy).

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

SR 156 West Corridor project – Castroville Blvd Interchange: Caltrans is the implementing agency for this Measure X project. Transportation Agency staff provides joint project management for the design team, project funding, coordination with local agencies, community outreach, and media relations. The consultant team supported the Caltrans design to complete the 100% plans. The consultant team supported the Caltrans traffic operations team to complete the Intersection Control Evaluation report.

The Monterey County Board of Supervisors approved a Resolution for the Route Adoption of the State Route 156 segment near the proposed Castroville interchange.

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

US 101 South of Salinas: Agency staff worked with the project consultant to complete the review of the existing Caltrans 2003 Project Study Report for US 101 between Chualar and Salinas. This work included a recommended preferred concept alternative. Public outreach for the project was restructured due to the COVID-19 Shelter in Place Order and the design team conducted remote meetings, sent postcards, and received input on the project website. Staff presented the conceptual designs to the TAMC Board. Staff requested a federal earmark for the US 101 South of Salinas project's early implementable phase of work to match SHOPP funds that were secured for the construction of an auxiliary lane at Spence Road.

Member Agency Project Assistance: Throughout the period, Agency staff assisted member agencies with project funding and development. This assistance included project design review by the TAMC Traffic Engineer, informational presentations on the latest engineering technology and designs at the Technical Advisory Committee, review of draft grant documents and writing support letters, and quarterly meetings with the Monterey County Public Works Department to assist in administering funding programs.

Program Delivery

Bike Month: The Agency dedicated Transportation Development Act funds to fund Bike Month education and promotions. After cancelling Bike Month activities in 2020 due to COVID-19 shelter-in-place orders, Bike Month activities resumed in 2021 and 2022 with the Move It! Monterey County challenge.

Freeway Service Patrol: The Transportation Agency continued to oversee the Freeway Service Patrol tow truck assistance program in Monterey County in coordination with state and local representatives from California Highway Patrol and Caltrans, and local contract operators. The Agency continued to provide statistical data to UC Berkeley for preparation of statewide annual reports.

SAFE Call Box Motorist Assistance: The Agency continued to administer the Monterey County call box motorist assistance program, including management and monitoring of the contract with and performance of the call answering center. The Agency oversaw the call box maintenance contract but put on hold the site improvements for call box accessibility (expected to be initiated in FY2022/23). During this fiscal year, staff began implementation of the Agency's Call Box Modernization Plan to remove call boxes from underutilized corridors and upgrade call boxes to remain. The Agency issued a joint Request for Proposals (RFP) with the San Luis Obispo Council of Governments (SLOCOG), the Santa Cruz Regional Transportation Commission (SCCRTC), and the Metropolitan Transportation Commission (MTC) as the lead agency.

Safe Routes to School: The Agency supported the development and submission of Active Transportation Program grant applications for projects and safe routes to school programming in the City of Salinas, King City, and Marina. The Safe Routes to School team 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. Through the "Every Child" state grant, the Safe Routes to School team was able to provide programming to students in-person and began by launching walking school buses at three schools in South County and five schools on the Peninsula:

- La Gloria Elementary, Gonzales
- Gabilan Elementary, Soledad
- Oak Avenue Elementary, Greenfield
- Bayview Academy, Monterey
- Ord Terrace Elementary, Seaside
- Del Rey Woods Elementary, Seaside
- Crumpton Elementary, Marina
- Marina Vista Elementary, Marina

In addition to the walking school buses, the team held Family Fun Festivals in Gonzales, Greenfield, and Seaside providing resources about active transportation and healthy living. TAMC worked with CSUMB graphic design students to develop concepts for traffic gardens to be installed at 11 school sites across the county in 2022 and 2023.

CSUMB Sustainable City Year – Safe Routes to School Partnership: In Fall 2021, TAMC partnered with CSUMB to provide opportunities for students to get involved with safe routes to school projects and programs through the Sustainable City Year Program. Through this five-year contract, students will get hands-on experience assisting the Safe Routes to School team and partners. Thus far, students have conducted bike and pedestrian counts, created maps, designed traffic gardens, provided feedback on materials for Spanish-speaking communities, and created videos.

Greenfield Community Science Workshop: In January 2022, TAMC partnered with the Greenfield Community Science Workshop to establish the Greenfield Bike Garage. This three-year contract will provide weekly community bike/scooter/skateboard repair workshops in Greenfield and mobile repair workshops serving communities in south Monterey County.

Safe Routes to School Website: Staff continued to update and add content to the Safe Routes to School Program website https://saferoutesmonterey.org, which includes program information, informational safety videos, resources for parents and schools, and more.

Trip Reduction Program – Go831: Staff used the RideAmigos platform to run the annual Commute Challenge in October 2021. Agency staff will continue to work with major employers and Blue Zones over the next years of the program to initiate, support and enhance employer and school commute programs.

Right-of-Way Management

Use Agreements: Agency staff worked with various parties to assure that their requests for various types of use agreements and encroachment permits did not reduce the viability of future rail service along the Monterey Branch Line (MBL) right-of-way. Staff worked with PG&E to secure right-of-way agreements for the Fort Ord Recreation Trail and Greenway project. Staff had discussions with Monterey One Water and Marina Coast Water District relating to new and existing facilities, MST relating to geotechnical testing for the SURF! project, and Silicon Construction regarding Sand City's West End project.

Property Maintenance: The Agency performed routine maintenance and managed leases on the Monterey Branch Line right-of-way. As the Fort Ord Reuse Authority (FORA) moved towards its final sunset on June 30, 2020, the Agency was a recipient of bond proceeds to fund building removal on Agency-owned properties located within the former Fort Ord. During fiscal year 2020/21, the Agency entered into a joint procurement agreement with Monterey-Salinas Transit to coordinate building demolition activities. The building demolition work, securing the properties with new fencing, and final invoicing was completed in June 2022.

Property Usage: Following a popular recreational handcart pilot test in 2021, TAMC worked with the City of Marina on a two-year lease agreement to enable additional temporary recreational uses of the TAMC-owned corridor.

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 Monterey County Rail Extension project, including extensive outreach efforts on the Fort Ord Regional Trail and Greenway, Safe Routes to School Program, Senior & Disabled Program, the US 101 South of Salinas concept development, and the SURF! Rapid Bus Corridor project.

Public outreach tools included traditional media, social media, in-person and virtual community meetings, presentations, panel discussions, pop-up events, focus groups, public hearings, the Monterey Peninsula Chamber of Commerce, the Salinas Valley Chamber of Commerce, as well as soliciting public input via surveys, the Agency's website, informational marketing materials, the TAMC annual report, TAMC Board Chair's "End of the Year Commentary" in local newspapers, monthly Board highlights report, videos, and print advertisements when appropriate.

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

Measure X: The Agency published the results of the annual Measure X audit which included compliance summary report of the Transportation Agency, the County of Monterey and the participating cities to ensure that they are operating consistent with the terms of the Transportation Safety and Investment Plan and Retail Transaction and Use Tax Ordinance 2016-01 and funding agreements in the Agency's annual report. The Transportation Agency utilized other communication tools including press releases, media interviews, social media postings, workshops, and project signage to publicize project development and delivery efforts.

<u>Interagency Coordination:</u>

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

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

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

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

Financial Highlights

Net assets of the Agency increased from $35,924,593 on June 30, 2021, to $38,028,720 on June 30, 2022. The Agency has unassigned reserves of $8,869,401 on June 30, 2021, and $10,578,150 as of June 30, 2022. The Agency requires the maintenance of unassigned reserves equal to six months of operating expenditures. Of the $10,578,150 in unassigned reserves, $1,819,204 is reserved for six months of cash flow for the operating budget for FY 2022/2023.

In FY 21/22, the California Department of Transportation contracted with the California Department of Finance to audit the Transportation Agency of Monterey County's 2020-21 and 2021-22 indirect cost rates. The final audit report resulted in no findings and agreed with the submitted indirect cost rates. The Caltrans Division of Local Assistance commended the Transportation Agency of Monterey County for submitting accurate Indirect Cost Allocation Plans and receiving an audit without findings.

Transportation Agency for Monterey County Revenues and Expenditures

The Agency revenues during FY 2021/2022 were $10,240,303, consisting primarily of $7,869,058 in state funds. Other revenues included $0 in federal funds, and $ 2,371,245 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 $2,675,972 in operating expenditures, and $6,512,872 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 $98,572 for Legislative Advocacy, $363,895 for Freeway Service Patrol, $71,815 for Call Boxes (SAFE), $41,522 for Ride Share, $15,192 for Branch Line Maintenance, $37,230 for Public Outreach, $1,115,602 for FORTAG, $27,526 for Complete Streets Project Management, $999,065 for Safe Routes to School, $20,621 for Monterey Bay Rail Network Integration Study, $49,129 for Commuter Rail Leases and $2,347,934 in rail program expenditures for Monterey County Rail Extension activities.

The Agency operating expenses of $2,675,972 are primarily comprised of personnel costs where 85% is spent on salaries and benefits and the remainder for materials, services, and equipment purchases. The operating expenses in FY 2021/2022 were 4% less than the previous fiscal year. This was primarily due to a decrease in salaries, fringes, and pension related costs. The agency makes annual payments to cover its unfunded accrued pension liability with CalPERS.

Overall Financial Position

The overall financial position of the Agency increased during FY 2021/2022, with the total fund balance increasing from $13,533,890 to $14,585,349. 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 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 2021/2022, 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, 2022, the Agency reported a liability of $(147,137) (asset) for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021.

The Agency has 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 the 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 regarding 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, 2022, the Agency reported a liability of $458,737 for other post-employment benefits.

Fiscal year 2021/2022 is the first year GASB 87 is effective, requiring the disclosure of lease transactions and their impact on the agency's financial position. GASB 87 looks at both lease revenue items as well as lease expenses. The Agency has four sources of lease revenue from the Monterey Branch Line properties which are reflected as $601,245 in lease receivables and $601,245 in deferred inflows. On the expense side, GASB 87 recognizes the Agency's lease obligations as "Right to Use Lease Assets". The only material Agency lease obligation is its office lease, which confers a $522,010 net book value of its rights under the lease agreement. Notes 10, 11, and 12 detail the impact of GASB 87.

Over the 12-month period from July 1, 2021, to June 30, 2022, the reserves for the call box program increased from $1,572,255 to $1,611,643.

The Agency trust fund balances increased by a total of $14,623,238 during FY 2021/2022 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, 2022:

♦ Local Transportation Fund	$ 4,150,937
♦ State Transit Assistance Fund	$ 140
♦ Regional Surface Transportation Program	$18,711,131
♦ Transportation Safety & Investment Fund (Measure X)	$52,575,889
TOTAL TRUST FUNDS	$75,438,097

Budget Variances

The Agency's actual operating expenditures for FY 2021/2022 were below the budgeted expenditures by $1,163,692. Direct program expenditures were over budgeted expenditures by $4,502,453.

The budgeting process was changed in fiscal year 2021-2022 so that regional projects such as Monterey County Rail Extension and Measure X programs are listed in the

Integrated Funding Plan instead of the agency budget. The two documents are intended to complement each other, but not necessarily add up. Agency staff time spent working on regional projects continues to be included in the Agency's budget. Direct expenses for these regional projects are only included in the Integrated Funding Plan. This change results in larger variances when comparing expenses for Direct programs to the budget.

Long-term debt of the Agency consists of a reserve for compensated absences of employees, Other Post-Employment Benefits, pension liability, lease liability and a reimbursement agreement with Caltrans which had a balance on June 30, 2022, of $1,409,194.

Current Financial Issues and Concerns

Due to COVID-19 and the shelter-in-place, there was a strong expectation that sales tax revenues and state grants would fall precipitously. Initial expectations of a drop in revenue for fiscal year 2021 ranged from 17% to 24%. The net effect is that Measure X sales tax revenues exceeded prior projections this past fiscal year and are forecast to remain steady in subsequent years. Actual revenues for fiscal year 2018/19 (the second full year of Measure X receipts) totaled $30.5 million. Measure X revenues dropped to $28.198 million in 2019/20 but rose to $32.01 million in 20/21. Fiscal year 2021/22 revenues increased again to $34.4 million and are projected to further increase in fiscal year 2022/23 to $35.7 million.

A longer-term risk is that continued reliance on gas taxes as the primary source of state and federal revenues is not sustainable, but transition to a revenue source that is less reliant on gas-fueled vehicles has been slow. Federal grants are increasingly competitive, rather than formula funds, as evidenced in the proposed bipartisan infrastructure funding package. The return of federal earmarks is a promising new development, although it may not be included in the pending federal infrastructure authorization legislation.

Cash flow delays have 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 Monterey County Rail Extension.

The countywide traffic impact fee will provide additional funding for future regional roadway projects, but it continues to be collected at a reduced rate than expected due to slower than projected land use development.

During the period, the Agency made its seventh 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 access the Agency website at www.tamcmonterey.org to view copies of the fiscal and performance audits and budgets.

	Governmental Activities
ASSETS	
Cash and investments	$ 13,719,706
Receivables	2,501,887
Prepaid expenditures	13,633
Lease receivable	601,245
Net pension asset	147,137
Right to use asset	552,010
Capital assets:	
Nondepreciable	24,010,367
Depreciable - net	
Total assets	41,545,985
DEFERRED OUTFLOWS OF RESOURCES	
OPEB	81,873
Pensions	579,029
Total deferred outflows of resources	660,902
LIABILITIES	
Accounts payable	933,760
Accrued expenses	72,888
Unearned revenue	643,229
Reimbursement agreement - due in one year	82,186
Compensated absences - due in one year	71,301
Lease liability	88,537
Noncurrent liabilities	
Due in more than one year	1,314,307
Total liabilities	3,206,208
DEFERRED INFLOWS OF RESOURCES	
OPEB	218,215
Pensions	152,499
Leases	601,245
Total deferred inflows of resources	971,959
NET POSITION	
Net investment in capital assets	24,010,367
Restricted:	
SAFE	1,572,255
Unrestricted	12,446,098
Total net position	$ 38,028,720

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, 2022

		Program Revenues		
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
Transportation	$ 8,136,176	$ -	$ 9,875,333	$ -
Total governmental activities	$ 8,136,176	$ -	$ 9,875,333	$ -

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
$ 1,739,157
1,739,157
54,793
310,177
364,970
2,104,127
35,924,593
$ 38,028,720

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
GOVERNMENTAL FUND
BALANCE SHEET
June 30, 2022

	General Fund
Assets	
Cash and investments	$ 13,719,706
Accounts receivable	2,501,887
Lease receivable	601,245
Prepaid expenditures	13,633
Total assets	$ 16,836,471
Liabilities and Fund Balance	
Liabilities:	
Accounts payable	$ 933,760
Accrued expenditures	72,888
Unearned revenue	643,229
Total liabilities	1,649,877
Deferred Inflows:	
Leases	601,245
Total deferred inflows of resources	601,245
Fund Balance	
Nonspendable	
Prepaid expenditures	13,633
Restricted:	
SAFE	1,572,255
Assigned:	
Commuter rail leases	13,317
Railroad leases	2,232,686
OPEB	90,089
Committed:	
OPEB	85,219
Unassigned	10,578,150
Total fund balance	14,585,349
Total liabilities, deferred inflows, and fund balance	$ 16,836,471

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, 2022

Total Fund Balance - Governmental Fund			$	14,585,349
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		(281,196)		
Leased assets at historical cost		650,877		
Accumulated amortization		(98,867)		
Net				24,562,377
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	$	285,203		
Reimbursement agreement		246,557		
Lease liability		565,834		
OPEB liability		458,737		
Net pension liability/(asset)		(147,137)		
				(1,409,194)
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	$	(152,499)		
to OPEB		(218,215)		
Deferred outflows of resources relating:				
to pensions		579,029		
to OPEB		81,873		
				290,188
Total Net Position - Governmental Activities			$	38,028,720

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, 2022

	General Fund
Revenues:	
State Revenues:	
TCRP	$ 1,684,338
Freeway Service Patrol	315,655
SAFE	397,752
Rural Planning Assistance	395,979
Planning, Programming and Monitoring	313,000
RSTPI & RSTPP	282,690
Local Transportation Fund	906,891
SRTS Salinas	499,450
STRS ATP every child	458,787
Mo. Bay Rail Network Integ Study	17,351
PTA-STIP	706,795
FORTAG Environmental Phase	500,783
FORA Demolition	1,094,926
FORT ORD Property Pool	208,573
ACCESS FUND Admin	86,088
	7,869,058
Local Revenues:	
CMP	246,214
Interest	54,793
Lease revenue - MBL Row and Commuter Rail	310,177
RDIF	10,000
Measure X - Projects/Programs	1,599,742
Measure X - Administration	141,535
Other	8,784
	2,371,245
Total revenues	10,240,303
Expenditures:	
Salaries and wages	1,636,969
Fringe benefits	639,645
Total personnel	2,276,614
Services and supplies	399,358
Total operating expenditures	2,675,972
Direct programs	6,512,872
Total expenditures	9,188,844
Excess (deficiency) of revenues over expenditures	1,051,459
Fund balance, beginning of fiscal year	13,533,890
Fund balance, end of fiscal year	$ 14,585,349

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, 2022

Net change in fund balance - governmental fund			$	1,051,459
Amounts reported for governmental activities in the statement of activities are different because:				
Capital assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which the additions to capital assets of $0 is less then the depreciation expense of $13,900 in this period.				(13,900)
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 $20,165.				(20,165)
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:				(4,658)
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
Right of use assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the length of the lease. This is the amount by which additions to right to use assets under GASB Statement No. 87 of $650,877 is greater than the amortized expense of $(98,867).				552,010
The issuance of lease payable provides current financial resources to governmental funds, while the repayment of the principal of lease payable consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. The amount is the net effect of these differences in the treatment of lease payable and related items.				
Lease payable recorded under GASB Statement No. 87	$	(650,877)		
Principal payments on lease payable		85,043		
			$	(565,834)
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:				1,023,029
Change in net position - governmental activities			$	2,104,127

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, 2022

	Private Purpose Trust Funds				
	Local Transportation Fund	State Transit Assistance Fund	State Highway Account Fund	Transportation Safety and Investment Plan Account Fund	Totals
ASSETS					
Cash and investments	$ 3,610,168	$ 138	$ 19,751,477	$ 51,406,690	$ 74,768,473
Accounts receivable	4,460,680	1,612,088		7,271,932	13,344,700
Loan to Del Rey Oaks				626,670	626,670
Loan to Gonzales				1,505,039	1,505,039
Total assets	8,070,848	1,612,226	19,751,477	60,810,331	90,244,882
LIABILITIES					
Liabilities:					
Due to other agencies	3,919,911	1,612,086	1,040,346	8,234,442	14,806,785
Total liabilities	3,919,911	1,612,086	1,040,346	8,234,442	14,806,785
NET POSITION					
Held in trust for:					
Other agencies	4,150,937	140	18,711,131	52,575,889	75,438,097
Total net position held in trust	$ 4,150,937	$ 140	$ 18,711,131	$ 52,575,889	$ 75,438,097

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, 2022

	Private Purpose Trust Funds				
	Local Transportation Fund	State Transit Assistance Fund	State Highway Account Fund	Transportation Safety and Investment Plan Account Fund	Totals
Additions:					
SB 1 Additional Gas Tax	$ -	$ 846,411	$ -	$ -	$ 846,411
Sales tax	23,121,756	5,173,936		38,133,297	66,428,989
State Highway Account funds			5,353,863		5,353,863
Interest, loss recovery, and other fees	8,969	1,531	77,618	259,731	347,849
Total additions	23,130,725	6,021,878	5,431,481	38,393,028	72,977,112
Deductions:					
Claims paid to:					
Carmel			4,301	256,099	260,400
Del Rey Oaks				97,400	97,400
Gonzales				332,972	332,972
Greenfield				673,109	673,109
King City				562,041	562,041
Marina				992,654	992,654
Monterey			956,928	1,312,192	2,269,120
Pacific Grove			177,447	779,615	957,062
Salinas			1,558,927	5,801,801	7,360,728
Sand City				38,580	38,580
Seaside				1,262,347	1,262,347
Soledad				836,280	836,280
County of Monterey			339,661	9,713,924	10,053,585
TAMC					
Administration	908,484			186,564	1,095,048
Regional project costs			282,332	3,642,690	3,925,022
Materials, services, and project costs	161,545			29,328	190,873
Monterey - Salinas Transit	21,424,813	6,021,840			27,446,653
Total deductions	22,494,842	6,021,840	3,319,596	26,517,596	58,353,874
Change in net position	635,883	38	2,111,885	11,875,432	14,623,238
Net position - held in trust, beginning of fiscal year	3,515,054	102	16,599,246	40,700,457	60,814,859
Net position - held in trust, end of fiscal year	$ 4,150,937	$ 140	$ 18,711,131	$ 52,575,889	$ 75,438,097

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. The Reporting Entity

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

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

The reporting entity is the Transportation Agency for Monterey County. There are no component units included in this report which meets the criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity,* as amended by GASB Statements No. 39, No. 61, No. 80, and No. 90.

B. Government-wide and Fund Financial Statements

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

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

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

C. Basis of Presentation

Government-wide Financial Statements:

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. **Basis of Presentation (Continued)**

Government-wide Financial Statements (Continued):

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

Fund Financial Statements:

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

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

Fiduciary funds are reported using the economic resources measurement focus.

D. **Basis of Accounting**

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

Revenues – exchange and non-exchange transactions:

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Expenses/expenditures:

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

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

E. Fund Accounting

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

Major Governmental Fund:

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

Fiduciary Funds:

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

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

F. Budgets

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

G. Cash and Investments

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. **Capital Assets**

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

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

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

I. **Unearned Revenue**

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

J. **Deferred Outflows and Inflows of Resources**

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

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

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

K. **Long-term Liabilities**

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

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:

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. **Pensions**

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

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

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

R. **Future Accounting Pronouncements**

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

Statement No. 91	"Conduit Debt Obligations"	The provisions of this statement are effective for fiscal years beginning after December 15, 2021.
Statement No. 93	"Replacement of Interbank Offered Rates"	The provisions 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. 99	"Omnibus 2022"	The provisions of this statement are effective in April 2022 except for the provisions related to leases, PPPs, SBITAs, financial guarantees and derivative instruments. The provisions related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022. The provisions related to financial guarantees and derivative instruments are effective for fiscal years beginning after June 15, 2023.
Statement No. 100	"Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62"	The provisions of this statement are effective for fiscal years beginning after June 15, 2023.
Statement No. 101	"Compensated Absences"	The provisions of this statement are effective for fiscal years beginning after December 15, 2023.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 87

For the fiscal year ended June 30, 2022, the Agency implemented Governmental Accounting Standards Board (GASB) Statement No. 87, "Leases." This statement is effective for period beginning after June 15, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Implementation of the GASB Statement No. 87 did have an impact on the Agency's financial statements for the fiscal year ended June 30, 2022, see Note 10 – Lease Receivable.

NOTE 2 - CASH AND INVESTMENTS

The Agency maintains most of its cash in the County of Monterey Treasury. The County Treasurer pools and invests the Agency's cash with other funds under her control. Interest earned on pooled investments is apportioned quarterly into participating funds based upon each fund's average daily deposit balance. Any investment gains or losses are proportionately shared by all funds in the pool. On June 30, 2022 the Agency had the following cash and investments on hand:

Cash and investments with County Treasurer	$ 87,972,512
Petty cash	200
Cash in bank	515,467
Total cash and investments	$ 88,488,179

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

Cash and investments, statement of net position	$ 13,719,706
Cash and investments, statement of fiduciary net position	74,768,473
Total cash and investments	$ 88,488,179

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 Agency 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:

NOTE 2 - CASH AND INVESTMENTS

Disclosures Relating to Interest Rate Risk

		Remaining Maturity (in Months)			
Investment Type	Carrying Amount	12 Months or Less	13-24 Months	25-60 Months	More than 60 Months
County of Monterey Treasury Pool	$ 87,972,512	$ 87,972,512	$ -	$ -	$ -
	$ 87,972,512	$ 87,972,512	$ -	$ -	$ -

Disclosures Relating to Credit Risk

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

				Rating as of Fiscal Year End		
Investment Type	Carrying Amount	Minimum Legal Rating	Exempt from Disclosure	AAA	AA	Not Rated
County of Monterey Treasury Pool	$ 87,972,512	N/A	$ -	$ -	$ -	$ 87,972,512
Total	$ 87,972,512		$ -	$ -	$ -	$ 87,972,512

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, 2022, 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).

NOTE 2 - CASH AND INVESTMENTS

Investment in County of Monterey Treasury Investment Pool

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

NOTE 3 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Capital assets, not being depreciated				
Right of Way	$ 16,553,168	$ -	$ -	$ 16,553,168
Construction in progress	7,457,199			7,457,199
Total capital assets, not being depreciated	$ 24,010,367	$ -	$ -	$ 24,010,367
Capital assets, being depreciated				
Leasehold improvements	$ 24,293			$ 24,293
Equipment	256,903			256,903
Total capital assets, being depreciated	281,196			281,196
Less accumulated depreciation	267,296	13,900		281,196
Total capital assets, being depreciated, net	$ 13,900	$ (13,900)	$ -	$ -
Governmental activities, capital assets, net	$ 24,024,267	$ (13,900)	$ -	$ 24,010,367

NOTE 4 - LONG-TERM LIABILITIES

The following is a summary of long-term liability activity for the fiscal year ended June 30, 2022:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022	Due within One Year
Compensated absences	$ 265,038	$ 147,588	$ 127,423	$ 285,203	$ 71,301
Reimbursement agreement	328,743		82,186	246,557	82,186
Lease liability		650,877	85,043	565,834	88,537
OPEB liability	654,501		195,764	458,737	
Net pension liability/(asset)	749,349		896,486	(147,137)	
Total	$ 1,997,631	$ 798,465	$ 1,386,902	$ 1,409,194	$ 242,024

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, 2022, the remaining balance of the agreement is $246,557.

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, 2021 GASB 68 actuarial valuation report for the Miscellaneous risk pool. Details of the benefits provided can be obtained from Appendix B of the June 30, 2020 actuarial valuation report for the CalPERS Miscellaneous risk pool. This report is a publicly available valuation report that can be obtained at CalPERS' website under Forms and Publications.

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, 2022, are summarized as follows:

	Miscellaneous	
	Prior to	On or after
Hire Date	January 1, 2013	January 1, 2013
Benefit formula	2.0% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	52-67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	6.91%	6.750%
Required employer contribution rates	10.88% + $50,314	7.59% + $1,873

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 $214,726 for the fiscal year ended June 30, 2022.

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

At June 30, 2022, the Agency reported a liability of $(147,137) for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021 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, 2021, the Authority's proportion was 0.00775%, which decreased by 0.02575% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Agency recognized pension expense of $(808,303). 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, 2022, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources on the following page:

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	$ -	$ 16,500
Changes in assumptions		
Net difference between projected and actual earnings on retirement plan investments	128,443	
Changes in proportion	235,860	
Differences between acutal contributions and proportionate share of contributions		135,999
Agency contributions subsequent to the measurement date	214,726	
	$ 579,029	$ 152,499

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.

$214,726 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, 2023.

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
2023	$ 60,681
2024	61,492
2025	54,137
2026	35,494
	$ 211,804

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.00%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.00%
Mortality	Derived using CalPERS' Membership Data for all Funds (1)

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

NOTE 6 - PENSION PLAN (Continued)

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

Discount Rate

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

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

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

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

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

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

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

NOTE 6 - PENSION PLAN (Continued)

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

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

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

	1% Decrease 6.15%.	Discount Rate 7.15%	1% Increase 8.15%
Agency's proportionate share of the net pension plan liability/(asset)	$ 857,421	$ (147,137)	$ (977,591)

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, 2022, the Agency had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2022.

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, 2021, actuarial valuation, the following current and former employees were covered by the benefit terms under the Agency's Plan:

Active plan members	14
Inactive plan members or beneficiaries currently receiving benefits	5
Total	19

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

NOTE 7 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

paragraph 4 of GASB Statement Number 75.

OPEB Liability

The Agency's OPEB Liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of July 1, 2021. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

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

Salary increases	3.00%
Healthcare cost trend rate	5.40%

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, 2021 valuation were based on a review of plan experience during the period July 1, 2021 to June 30, 2022.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. To achieve the goal set by the investment policy, plan assets will be managed to earn, on a long-term basis, a rate of return equal to or in excess of the target rate of return of 3.69 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%	3.90%	3.90%
June 30, 2019	June 30, 2019	4.00%	3.13%	3.13%
June 30, 2020	June 30, 2020	4.00%	2.45%	2.45%
June 30, 2021	June 30, 2021	4.00%	1.92%	1.92%
June 30, 2022	June 30, 2022	4.00%	3.69%	3.69%

NOTE 7 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Changes in the OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021 (Valuation Date July 1, 2020)	$ 654,501
Changes recognized for the measurement period:	
Service cost	30,029
Interest	10,929
Changes of assumptions	(126,061)
Difference between expected and actual experience	(97,310)
Benefit payments	(13,351)
Net Changes	(195,764)
Balance at June 30, 2022 (Measurement Date June 30, 2022)	$ 458,737

Changes in assumptions: The change of assumptions reflect a change in the discount rate from 1.92% in 2021 to 3.69% in 2022.

Sensitivity of the OPEB liability to changes in the discount rate. The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.69 percent) or 1-percentage-point higher (4.69 percent) than the current discount rate:

	1% Decrease 2.69%	Discount Rate 3.69%	1% Increase 4.69%
OPEB Liability	$ 518,594	$ 458,737	$ 409,217

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 (4.4 percent) or 1-percentage point higher (6.4 percent) than the current healthcare cost trend rates:

	1% Decrease 4.40%	Trend Rate 5.40%	1% Increase 6.40%
OPEB Liability	$ 398,385	$ 458,737	$ 534,116

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

For the fiscal year ended June 30, 2022, the Agency recognized OPEB expense of $18,009. As of the fiscal year ended June 30, 2022, the Agency reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 97,367
Change in assumptions	81,873	120,848
	$ 81,873	$ 218,215

NOTE 7 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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

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

Fiscal year ending June 30,		Amount
2023	$	(22,949)
2024		(22,949)
2025		(21,374)
2026		(20,687)
2027		(31,202)
Thereafter		(17,181)
	$	(136,342)

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, 2022, the City has drawn $2,500,000, accrued interest of $42,052, and repaid $994,961 for a net loan receivable of $1,505,039.

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, 2022, the City has drawn $861,300, accrued interest of $17,275, and repaid $234,630 for a net loan receivable of $626,670.

NOTE 10 – LEASES RECEIVABLE

In May 2017, the Agency entered into a lease for property along the Monterey Branch Rail Line. Under the lease, Eagle Creek Pacific LL has agreed to pay the Agency $22,371.26 per year through April 30, 2027. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3%, which is the implicit rate used for the agreement. In fiscal year 2022, the Agency recognized $5,233.89 of lease revenue.

In January 2021, the Agency entered into a lease for property along the Monterey Branch Rail Line. Under the lease, Monterey Motors has agreed to pay the Agency $4,360.34 per month through December 31, 2024, with a yearly increase of 3% built into the lease. The lease receivable is measured at the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3%, which is the implicit rate used for the agreement. In fiscal year 2022, the Agency recognized $53,324 of lease revenue.

In May 2016, the Agency entered into a lease for property along the Monterey Branch Rail Line. Under the lease, Lithia Real Estate LLC has agreed to pay the Agency $2,147.45 per month through April 30, 2026. The lease receivable is measured at the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3%, which is the implicit rate used for the agreement. In fiscal year 2022, the Agency recognized $25,769.40 of lease revenue.

NOTE 10 – LEASES RECEIVABLE (continued)

In January 2006, the Agency entered into a lease for property along the Monterey Branch Rail Line. Under the lease, Granite Rock Company has agreed to pay the Agency $8,279.65 per month through December 31, 2025, with a yearly increase of 3% built into the lease. The lease receivable is measured at the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3%, which is the implicit rate used for the agreement. In fiscal year 2022, the Agency recognized $101,094.53 of lease revenue.

NOTE 11 – LEASE PAYABLE

The agency has entered into certain lease agreements. These agreements qualify as other than short-term leases under GASB Statement No. 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

On June 3, 2022, the Agency signed an addendum to the current office lease with Plaza Circle, LTD to extend the current office lease through January 31, 2028. The lease includes monthly payments of $8,393.07 from July 1, 2021 to January 31, 2022, and $8,602.90 from February 1, 2022 through June 30, 2022. The rent for each subsequent year increases by 2.5%. As a result, the Agency recorded a right to use asset with a net book value of $552,010 as of June 30, 2022. The right to use asset is discussed in more detail in Note 12.

NOTE 12 – RIGHT TO USE LEASE ASSET

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Right to use assets				
Leased building	$ -	$ 650,877	$ -	$ 650,877
Total right to use assets		650,877		650,877
Less acummulation amortization for:				
Leased building		98,867		98,867
Total accumulated amortization		98,867		98,867
Right to use assets, net	$ -	$ 552,010	$ -	$ 552,010

NOTE 13 - SENATE BILL 1 – STATE OF GOOD REPAIR

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

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

For the fiscal year ended June 30, 2022, the Transportation Agency for Monterey County received $494,324. The funding was distributed to the Monterey-Salinas Transit.

NOTE 14 - CONTENGENCIES

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

NOTE 15 – SUBSEQUENT EVENTS

Subsequent events have been measured through August 31, 2023 which is the date of the 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, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
State Revenues:				
TCRP	$ -	$ -	$ 1,684,338	$ 1,684,338
Freeway Service Patrol	549,663	549,663	315,655	(234,008)
SAFE	512,207	512,207	397,752	(114,455)
Rural Planning Assistance	447,000	455,910	395,979	(59,931)
Planning, Programming and Monitoring	313,000	313,000	313,000	
RSTP & RSTPP	268,700	268,700	282,690	13,990
Local Transportation Fund	935,985	935,985	906,891	(29,094)
SRTS Salinas	264,091	264,091	499,450	235,359
STRS ATP every child			458,787	458,787
Mo. Bay Rail Network Integ Study			17,351	17,351
STRS ATP Every Child	52,230	52,230		(52,230)
PTA-STIP	300,000	300,000	706,795	406,795
FORTAG Environmental Phase			500,783	500,783
FORA Demolition			1,094,926	1,094,926
FORT ORD Property Pool			208,573	208,573
ACCESS FUND Admin	18,000	18,000	86,088	68,088
	3,660,876	3,669,786	7,869,058	4,199,272
Local Revenues:				
CMP	243,076	243,076	246,214	3,138
Interest			54,793	54,793
Lease revenue - MBL Row and Commuter	285,000	285,000		(285,000)
Lease revenue - MBL Row and Commuter Rail	17,000	17,000	310,177	293,177
RDIF	120,000	120,000	10,000	(110,000)
Measure X - Materials and Services	45,000	45,000		(45,000)
Measure X - Administration	200,000	200,000	141,535	(58,465)
Measure X - Projects/Programs	752,577	752,577	1,599,742	847,165
Other			8,784	8,784
TAMC Reserve	517,644	517,644		(517,644)
	2,180,297	2,180,297	2,371,245	190,948
Total revenues	$ 5,841,173	$ 5,850,083	$ 10,240,303	$ 4,390,220

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, 2022

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Expenditures:				
Salaries and wages	$ 2,201,774	$ 2,231,004	$ 1,636,969	$ 594,035
Fringe benefits	923,605	923,605	639,645	283,960
Total personnel	3,125,379	3,154,609	2,276,614	877,995
Services and supplies	685,055	685,055	399,358	285,697
Total operating expenditures	3,810,434	3,839,664	2,675,972	1,163,692
Direct Programs:				
0000 Unallowable	82,186	82,186	82,186	
1000 Leadership Training	25,000			
1020 Trienniel audit			654	(654)
1122 Legislative Advocacy	135,000	135,000	98,572	36,428
1130 Public Involvement	70,000	70,000	37,230	32,770
1770 Freeway Service Patrol (FSP)	519,663	519,663	363,895	155,768
1780 Call Boxes (SAFE)	167,207	167,207	71,815	95,392
1790 Rideshare	49,000	49,000	41,522	7,478
2310 Data Collection	36,500	36,500	28,818	7,682
4150 Electric Vehicle Chargers	6,000	6,000	956	5,044
6145 Bicycle Map Update	16,000	16,000	4,101	11,899
6148 Tri-County Bike Week	27,500	27,500	1,545	25,955
6220 RTIP & EIR Update	30,000	34,680	38,280	(3,600)
6262 RDIF Agency	110,000	110,000	218	109,782
6550 Complete Streets-Project Mgmt	30,000	30,000	27,526	2,474
6552 Wayfinding Signs Construct			1,467	(1,467)
6729 Salinas-STRS	294,683	294,683	380,656	(85,973)
6730 Salinas Valley STRS			55,846	(55,846)
6800 Rail Program			2,566	(2,566)
6803 Commuter Rail	210,000	210,000	2,347,934	(2,137,934)
6804 Branch Line Maintenance	150,000	150,000	15,192	134,808
6805 Rail and FORA property	10,000	10,000	981	9,019
6807 Commuter Rail Leases	17,000	17,000	49,129	(32,129)
6809 Mo. Bay Rail Network Integ Study			20,621	(20,621)
6820 Handicar			1,485	(1,485)
6850 FORA Property			1,094,926	(1,094,926)
7000 Measure X Projects and Programs			16,963	(16,963)
7100 Safe Routes to School			135,988	(135,988)
7101 STRS-ATP Every Child			426,575	(426,575)
7300 FORTAG			1,115,602	(1,115,602)
7410 RRP 68 Salinas to Monterey			756	(756)
7450 RRP US 101 South County			439	(439)
7600 Habitat Preserv/Adv Mitigation			3,397	(3,397)
8000 Measure X Administration	45,000	45,000	45,031	(31)
Total Direct Programs	2,030,739	2,010,419	6,512,872	(4,502,453)
Total expenditures	5,841,173	5,850,083	9,188,844	(3,338,761)
Excess (deficiency) of revenues over expenditures			1,051,459	1,051,459
Fund balance, beginning of fiscal year	13,533,890	13,533,890	13,533,890	
Fund balance, end of fiscal year	$ 13,533,890	$ 13,533,890	$ 14,585,349	$ 1,051,459

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last 10 Years*
As of June 30, 2022

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

	2022	2021	2020	2019	2018
Proportion of the net pension liability	-0.00272%	0.00689%	0.00579%	0.00469%	0.00497%
Proportionate share of the net pension liability	$ (147,137)	$ 749,349	$ 593,760	$ 451,902	$ 492,754
Covered payroll	$ 1,650,417	$ 1,634,204	$ 1,480,329	$ 1,430,538	$ 1,249,197
Proportionate share of the net pension liability as percentage of covered payroll	-8.92%	45.85%	40.11%	31.59%	39.45%
Plan's total pension liability	$ 46,174,942,264	$ 43,702,930,887	$ 41,426,453,489	$ 38,944,855,364	$ 37,161,348,332
Plan's fiduciary net position	$ 40,766,653,876	$ 32,822,501,335	$ 31,179,414,067	$ 29,308,589,559	$ 27,244,095,376
Plan fiduciary net position as a percentage of the total pension liability	88.29%	75.10%	75.26%	75.26%	73.31%

	2017	2016	2015
Proportion of the net pension liability	0.00386%	0.00886%	0.01018%
Proportionate share of the net pension liability	$ 333,720	$ 608,384	$ 633,533
Covered payroll	$ 1,271,193	$ 1,112,701	$ 1,109,838
Proportionate share of the net pension liability as percentage of covered payroll	26.25%	54.68%	57.08%
Plan's total pension liability	$ 33,358,627,624	$ 31,771,217,402	$ 30,829,966,631
Plan's fiduciary net position	$ 24,705,532,291	$ 24,907,305,871	$ 24,607,502,515
Plan fiduciary net position as a percentage of the total pension liability	74.06%	78.40%	79.82%

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

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

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

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

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SCHEDULE OF PENSION CONTRIBUTIONS
Last 10 Years*
As of June 30, 2022

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

	2022	2021	2020	2019	2018
Contractually required contribution (actuarially determined)	$ 214,726	$ 221,290	$ 158,740	$ 145,552	$ 124,447
Contribution in relation to the actuarially determined contributions	(214,726)	(221,290)	(158,740)	(145,552)	(124,447)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 1,650,417	$ 1,650,417	$ 1,634,204	$ 1,480,329	$ 1,430,538
Contributions as a percentage of covered payroll	13.01%	13.41%	9.71%	9.83%	8.70%

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

Notes to Schedule

Valuation Date: 6/30/2019

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

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2019 funding valuation report.
Inflation	2.75%
Salary Increases	Varies by entry age and service
Payroll Growth	2.75%
Investment Rate of Return	7.0% net of pension plan investment and administrative expenses; includes inflation.
Retirement Age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The mortality table used was developed based on CalPERs' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016.

*- Fiscal year 2015 was the 1st year of implementation, therefore only eight 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, 2022

Measurement Period	2022	2021	2020	2019
Total OPEB Liability				
Service cost	$ 30,029	$ 48,205	$ 40,908	$ 29,259
Interest on the total OPEB liability	10,929	14,551	15,207	14,476
Actual and expected experience difference	(97,310)		(26,590)	
Changes in assumptions	(126,061)	50,569	56,311	33,118
Changes in benefit terms				
Benefit payments	(13,351)	(9,035)	(8,041)	(8,577)
Net change in total OPEB Liability	(195,764)	104,290	77,795	68,276
Total OPEB liability- beginning	654,501	550,211	472,416	404,140
Total OPEB liability- ending (a)	$ 458,737	$ 654,501	$ 550,211	$ 472,416
Covered payroll	$ 1,675,058	$ 1,675,058	$ 1,671,217	$ 1,526,846
Total OPEB liability as a percentage of covered payroll	27.39%	39.07%	32.92%	30.94%

Measurement Period	2018
Total OPEB Liability	
Service cost	$ 31,432
Interest on the total OPEB liability	12,637
Actual and expected experience difference	
Changes in assumptions	(40,441)
Changes in benefit terms	
Benefit payments	(6,418)
Net change in total OPEB Liability	(2,790)
Total OPEB liability- beginning	406,930
Total OPEB liability- ending (a)	$ 404,140
Covered payroll	$ 1,543,687
Total OPEB liability as a percentage of covered payroll	26.18%

Notes to Schedule:

Changes of assumptions 2022: Changes of assumptions reflect the effects of changes in the discount rate from 1.92% in 2021 to 3.69% in 2022.

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

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

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

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

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

As of June 30, 2022, the plan is not administered through a qualified trust. Therefore there is no Actuarially Determined Contribution (ADC). Benefit payments of $13,351 were made on a pay-as-you-go-basis for the fiscal year ended June 30, 2022.

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

As of June 30, 2020, the plan is not administered through a qualified trust. Therefore there is no Actuarially Determined Contribution (ADC). Benefit payments of $8,041 were made on a pay-as-you-go-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-go-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-go-basis for the fiscal year ended June 30, 2018.

COMPLIANCE SECTION

Moss, Levy & Hartzheim LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON TRANSPORTATION DEVELOPMENT ACT COMPLIANCE

Board of Directors
Transportation Agency for Monterey County
Salinas, California

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Transportation Agency of Monterey County's (the Agency) compliance with the types of compliance requirements described in the *Transportation Development Act Guidebook,* published by the State of California Department of Transportation applicable for the fiscal year ended June 30, 2022.

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, 2022.

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
August 31, 2023

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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, 2022

	Work Elements/ Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
SAFE	$ 340,000	$ 397,752	$ 57,752
Total revenues	340,000	397,752	57,752
Expenditures:			
Salaries/Fringe/Materials and services - callboxes	40,000	28,587	11,413
Salaries/Fringe/Materials and services - Rideshare	250,000	133,863	116,137
Direct programs - callboxes	167,207	74,524	92,683
Direct programs - Rideshare	49,000	41,521	7,479
Electric vehicle chargers	6,000	956	5,044
FSP match - Rideshare	109,933	78,913	31,020
Total expenditures	622,140	358,364	263,776
Excess (deficit) of revenues over expenditures	$ (282,140)	39,388	$ 321,528
SAFE carryover, beginning of fiscal year		1,572,255	
SAFE carryover, end of fiscal year		$ 1,611,643	

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, 2022

		Work Elements/ Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Rural planning assistance		$ 455,910	$ 395,979	$ (59,931)
Total revenues		455,910	395,979	(59,931)
Expenditures:				
1010	Work program administration	55,000	50,443	4,557
1120	Planning coordination	188,507	149,408	39,099
4110	Document review	22,122	14,515	7,607
6140	Bicycle/Pedestrian planning	38,608	34,778	3,830
6220	Regional transportation plan	61,633	61,633	
6410	Regional trans imp plan (RTIP)	46,578	45,803	775
6710	Corridor studies	43,462	39,399	4,063
Total expenditures		455,910	395,979	59,931
Excess (deficit) of revenues over expenditures		$ -		$ -
State and regional planning assistance carryover, beginning of fiscal year				
State and regional planning assistance carryover, end of fiscal year			$ -	

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SCHEDULE OF PLANNING, PROGRAMMING AND MONITORING FUNDS
REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

		Work Elements/ Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Planning, Programming and Monitoring		$ 313,000	$ 313,000	$ -
Total revenues		313,000	313,000	
Expenditures:				
1120	Planning coordination	89,000		89,000
1130	Public involvement program	70,000	135,826	(65,826)
2310	Data collection		6,110	(6,110)
6140	Bicycle/Pedestrian planning		3,880	(3,880)
6220	Regional transportation plan and EIR update	63,000		63,000
6410	Regional trans imp plan (RTIP)	30,000	11,721	18,279
6500	Project development	11,000	82,771	(71,771)
6710	Corridor studies		16,819	(16,819)
6800	Rail planning	50,000	55,873	(5,873)
Total expenditures		313,000	313,000	
Excess (deficit) of revenues over expenditures		$ -		$ -
Planning, Programming and Monitoring carryover, beginning of fiscal year				
Planning, Programming and Monitoring carryover, end of fiscal year			$ -	

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SCHEDULE OF FREEWAY SERVICE PATROL
REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

	Work Elements/ Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Freeway service patrol	$ 439,730	$ 315,655	$ (124,075)
Local match	109,933	78,914 *	(31,019)
Other - LTF		2,371	2,371
Total revenues	549,663	396,940	(152,723)
Expenditures:			
Salaries/Fringe/Materials & Supplies	30,000	33,045	(3,045)
Direct programs - FSP	519,663	363,895	155,768
Total expenditures	549,663	396,940	152,723
Excess (deficit) of revenues over expenditures	$ -		$ -
Freeway service patrol carryover, beginning of fiscal year			
Freeway service patrol carryover, end of fiscal year		$ -	

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SCHEDULE OF EXPENDITURES BY WORK ELEMENT
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

Work Element:		Budget	Actual	Variance Favorable/(Unfavorable)
1000	Leadership training-direct	$ 25,000	$ -	$ 25,000
1010	Work program administration operating	71,213		71,213
1020	LTF administration operating	61,219		61,219
1020	LTF Direct		654	(654)
1120	Planning coordination & Interagency liaison operating	270,447		270,447
1122	Legislative advocacy operating	50,404		50,404
1122	Legislative advocacy direct	60,000	98,572	(38,572)
1130	Public involvement program operating	232,529		232,529
1130	Public involvement program direct	70,000	37,230	32,770
1770	Freeway Service Patrol operating	61,103		61,103
1770	Freeway Service Patrol direct	519,663	363,895	155,768
1780	SAFE operating	59,345		59,345
1780	SAFE direct	167,207	71,815	95,392
1790	Rideshare operating	368,401		368,401
1790	Ridesharing direct	49,000	41,522	7,478
1795	Access Fund Administration	18,637		18,637
2310	Data collection operating	23,497		23,497
2310	Data collection direct	36,500	28,818	7,682
4110	Document review operating	33,339		33,339
4150	Electric vehicle charger direct		956	(956)
6140	Bicycle/Pedestrian planning operating	46,276		46,276
6145	Bicycle & Pedestrian Plan operating	8,726		8,726
6145	Bicycle & Pedestrian Plan direct	16,000	4,101	11,899
6148	Tri-County bike week operating	3,064		3,064
6148	Tri-County bike week direct	27,500	1,545	25,955
6220	Regional transportation plan operating	76,427		76,427
6220	Regional transportation plan direct	30,000	38,280	(8,280)
6262	RDIF Agency operating	55,335		55,335
6262	RDIF Agency direct	110,000	218	109,782
6410	Regional trans imp plan (RTIP) operating	78,179		78,179
6500	Project development operating	101,414		101,414
6550	Complete St Project Implemenation operating	134,884		134,884
6550	Complete St Project Implemenation-Direct	30,000	27,526	2,474
6552	Wayfinding Signs Contract		1,467	(1,467)
6710	Corridor studies operating	14,232		14,232
6710	Corridor studies-Direct	6,000		6,000
6729	Salinas STRS-Operating	107,786		107,786
6729	Salinas STRS Direct	294,683	380,656	(85,973)
6730	Salinas Valley SRTS		55,846	(55,846)
6800	Railroad operating	63,311		63,311
6800	Railroad direct		2,566	(2,566)
6803	Commuter rail operating	351,123		351,123
6803	Commuter rail direct	165,000	2,347,934	(2,182,934)
6804	Railroad leases operating	50,183		50,183
6804	Railroad leases direct	150,000	15,192	134,808
6805	Railroad Fort Ord property operating	139,366		139,366
6805	Railroad Fort Ord property direct	10,000	981	9,019
6807	Commuter rails lease operating	2,810		2,810
6807	Commuter rails lease direct	17,000	49,129	(32,129)
6809	Mo. Bay Rail Network Integ Study-Direct		20,621	(20,621)
6820	Handcar		1,485	(1,485)
6850	FORA Property Demo		1,094,926	(1,094,926)
7000	Pavement Management-Operating	995,640	16,963	978,677
7100	Safe Routes to School-Direct		135,988	(135,988)
7101	STRS-ATP-Every Child Direct		426,575	(426,575)
7300	FORTAG-Operating		38,000	(38,000)
7302	FORTAG Seg 1 Des/PSE & ROW Direct		1,077,602	(1,077,602)
7410	Regional Roads-Hwy 68 Salinas-Mty-Operating		756	(756)
7450	Regional Roads-US 101 South County-Operating		439	(439)
7600	Habitat Preserv/Advance Mitigation-Operating		3,397	(3,397)
8000	Sales Tax Measure Admin-Operating	200,545		200,545
8000	Sales Tax Measure Admin-Direct	45,000	45,031	(31)
0000	Unallowable-Direct	82,186	82,186	
	Total expenditures by work element	$ 5,590,174	$ 6,512,872	$ (922,698)

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
LOCAL TRANSPORTATION FUND
SCHEDULE OF ALLOCATIONS BY PURPOSE
Fiscal Year Ended June 30, 2022

	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	$ 374,331	$ -	$ -	$ -
Monterey County and Unincorporated Area		4,777,817		
Cities:				
Carmel		164,194		
Del Rey Oaks		69,104		
Gonzales		353,669		
Greenfield		760,226		
King City		615,241		
Marina		928,080		
Monterey		1,171,274		
Pacific Grove		634,700		
Salinas		6,744,992		
Sand		16,008		
Seaside		1,394,427		
Soledad		712,452		
Allocations	$ 374,331	$ 18,342,184	$ -	$ -

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

Regional Transportation Planning Sec. 99231.1	Total Allocations
$	$ 374,331
908,485	908,485
	4,777,817
	164,194
	69,104
	353,669
	760,226
	615,241
	928,080
	1,171,274
	634,700
	6,744,992
	16,008
	1,394,427
	712,452
$ 908,485	$ 19,625,000

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
LOCAL TRANSPORTATION FUND
SCHEDULE OF CLAIMS BY PURPOSE
Fiscal Year Ended June 30, 2022

	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	$ 161,545	$ -	$ -	$ -
Monterey County and Unincorporated Area		5,579,967		
Cities:				
Carmel		196,663		
Del Rey Oaks		81,754		
Gonzales		415,624		
Greenfield		900,434		
King City		732,535		
Marina		1,074,667		
Monterey		1,388,618		
Pacific Grove		759,567		
Salinas		7,851,242		
Sand		18,836		
Seaside		1,578,230		
Soledad		846,676		
Claims	$ 161,545	$ 21,424,813	$ -	$ -

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

Regional Transportation Planning Sec. 99233.1	Total Claims Paid
$	$ 161,545
908,484	908,484
	5,579,967
	196,663
	81,754
	415,624
	900,434
	732,535
	1,074,667
	1,388,618
	759,567
	7,851,242
	18,836
	1,578,230
	846,676
$ 908,484	$ 22,494,842

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
STATE TRANSIT ASSISTANCE FUND
SCHEDULE OF AMOUNTS ALLOCATED AND DISBURSED BY PURPOSE
Fiscal Year Ended June 30, 2022

	Monterey-Salinas Transit Sects. 6730(b) 6730(a) 6731(c) Operating, Capital	City of Greenfield Sects. 6730(a) 6730(b) Capital	City of Gonzales Sec. 6730(b) Capital	City of Soledad Sec. 6730(b) Capital	City of King Sec. 6730(b) Capital	Total
Allocations	$ 6,021,878	$ -	$ -	$ -	$ -	$ 6,021,878
Disbursements:						
2021-22 Claims	$ 5,173,939	$ -	$ -	$ -	$ -	$ 5,173,939
Total disbursements	$ 5,173,939	$ -	$ -	$ -	$ -	5,173,939