



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023
ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
STATE OF CALIFORNIA

PHOTOGRAPHY CREDIT

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FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**(WITH INDEPENDENT AUDITORS' REPORT) ASSOCIATION OF MONTEREY BAY AREA
GOVERNMENTS – STATE OF CALIFORNIA**

PREPARED BY: AMBAG FINANCE DEPARTMENT

TABLE OF CONTENTS

INTRODUCTORY SECTION	1
Transmittal Letter	2
Work Program Initiatives	16
Certificate of Achievement for Excellence in Financial Reporting	20
AMBAG Governing Board	21
AMBAG Region Map	22
Organization Chart	23
FINANCIAL SECTION	24
Independent Auditors' Report	25
Management's Discussion and Analysis	29
BASIC FINANCIAL STATEMENTS	39
<i>Government–Wide Financial Statements:</i>	
Statement of Net Position	40
Statement of Activities	41
<i>Government Fund Financial Statements:</i>	
Balance Sheet - Governmental Funds	42
Reconciliation of the Governmental Funds	43
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	44
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	45
Notes to Basic Financial Statements	46
REQUIRED SUPPLEMENTARY INFORMATION	69
Schedule of Changes in the Net OPEB Liability (Asset) and Related Ratios	70
Schedule of Contributions – OPEB	71

Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual – General Fund	72
Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual – Regional Analysis and Planning Services, Inc. Fund	73
Notes to Required Supplementary Information	74
Schedule of AMBAG’s Proportionate Share of the Net Pension Liability (Last Ten Years)	75
Schedule of Contributions and Related Notes to Schedule (Last Ten Years)	76
SUPPLEMENTARY INFORMATION	77
Schedule of Direct, Indirect and Unallowable Expenditures: Governmental General Fund	78
Schedule of Expenditures – Consolidated Planning Grant No. 74A0815	79
STATISTICAL SECTION:	80
Financial Trends	83
Revenue Capacity	91
Demographic and Economic Indicators	93
Operating Information	100
SINGLE AUDIT SECTION:	102
Report Required by Government Auditing Standards:	
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	103
Reports Required by Uniform Guidance:	
Independent Auditors’ Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	105
Schedule of Expenditures of Federal Awards	108
Notes to Schedule of Expenditures of Federal Awards	109

Schedule of Findings and Questioned Costs	110
Summary Schedule of Prior Audit Findings	112

Tables Contained in the Statistical Section

Table 1: Net Position by Component: Last Ten Fiscal Years	82
Table 2: Changes in Net Position: Last Ten Fiscal Years	84
Table 3: Fund Balances of Governmental Funds: Last Ten Fiscal Years	86
Table 4: Changes in Fund Balances of Governmental Funds: Last Ten Fiscal Years	88
Table 5: Indirect and Fringe Benefit Costs: Last Ten Fiscal Years	90
Table 6: Member Dues: Last Ten Fiscal Years	91
Table 7: Principle Members: Current Year and Five Years Ago	92
Table 8: Population by County in the AMBAG Region: Last Ten Calendar Years	93
Table 9: Number of Household Units by County in the AMBAG Region: Last Ten Calendar Years	94
Table 10: Labor Force & Unemployment by County in the AMBAG Region: Last Ten Calendar Years	95
Table 11: Median Household Income by County in the AMBAG Region: Last Ten Calendar Years	96
Table 12: Employment by Industry in the AMBAG Region: Prior Year & Ten Years Ago	97
Table 13: Average Annual Wages by County in the AMBAG Region: Last Ten Calendar Years	98
Table 14: Transit Providers by County in the AMBAG Region: Current Year	99
Table 15: Full-Time and Part-Time Employees by Function: Last Ten Fiscal Years	100
Table 16: Capital Assets by Function: Last Ten Fiscal Years	101

INTRODUCTORY SECTION



Transmittal Letter

January 18, 2024

Honorable Mary Ann Carbone, President and
Members of the Association of Monterey Bay Area Governments (AMBAG)
24580 Silver Cloud Court
Monterey, CA 93940

Subject: AMBAG's *Annual Comprehensive Financial Report (ACFR) for Fiscal Year (FY) 2022-2023*

Report Overview

In accordance with state law, the Association of Monterey Bay Area Governments (AMBAG) is pleased to present the Annual Comprehensive Financial Report (ACFR) for the Fiscal Year (FY) ended June 30, 2023. The ACFR is in compliance with Government Code Section 26909 of the State of California. This statute requires all general-purpose local governments to issue an annual report on the financial position and activities of that government. The report must be presented in conformance with Generally Accepted Accounting Principles (GAAP) and must be audited by an independent firm of certified public accountants (CPA) in accordance with generally accepted government auditing standards (GAGAS). The financial statements contained in this ACFR meet these requirements.

This Letter of Transmittal is the first item in the introductory section of the ACFR. Its purpose is to assist the reader in assessing AMBAG and its financial condition. All disclosures reasonably necessary to enable an understanding of the government's financial activities have been included.

The responsibilities for the accuracy, fairness, and completeness of the financial statements, note disclosures, supplementary schedules, and statistical data presented rest with the management of AMBAG. Accordingly, we assert that to the best of our knowledge and belief, the ACFR is complete, accurate, and reliable in all material respects and we assume responsibility for the completeness and reliability of all financial information presented in this report.

The present accounting system and business structure includes the necessary internal controls to ensure reasonable, but not absolute assurance regarding the safekeeping of assets against misuse, loss, theft, and unauthorized use or disposition. It also ensures that adequate accounting data is compiled to provide sufficient reliable information for the preparation of financial statements in compliance with GAAP requirements. The concept of reasonable assurance recognizes that the cost of controls should not exceed the benefits likely to be derived

and that the valuation of costs and benefits may require estimates and judgments by management. Evaluations of internal control occur on a periodic basis. We believe that AMBAG's current internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As a recipient of federal, state, and local financial funding, AMBAG is also responsible for ensuring that an adequate internal control structure is in place to warrant compliance with applicable laws and regulations related to those programs. AMBAG is required to undergo an annual single audit in compliance with the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations. The results of the single audit for the Fiscal Year ended June 30, 2023, provided no findings related to the compliance requirements of the Uniform Guidance or violations of applicable laws and regulations. Information relating to findings, recommendations and all other aspects concerning this single audit are included in the single audit section of this report.

Included in the ACFR is the Independent Auditors' Report, which is located in the financial section of this report. The goal of the independent audit is to provide reasonable assurance that the financial statements presented here for the Fiscal Year ended June 30, 2023, are free of material misstatement. The independent auditors of CliftonLarsonAllen LLP, have issued an unmodified ("clean") opinion on AMBAG's financial statements for the year ended June 30, 2023.

GAAP also requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements. This narrative is presented in the form of Management's Discussion and Analysis (MD&A), which can be found in the financial section of this report. We encourage readers to examine the MD&A, together with this transmittal letter.

Governmental Accounting Standards Board Statements No. 68 and 82

In June 2012, the Governmental Accounting Standards Board (GASB) issued new pension accounting and financial reporting requirements for state and local governmental employers that contribute to state and local public pension plans. GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27* and in November 2013, they issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date; an amendment of GASB Statement No. 68*. The primary objective of these Statements is to improve accounting and financial reporting by state and local governments for pensions. The statements include enhanced note disclosures and Required Supplementary Information (RSI) for defined benefit pension plans. AMBAG implemented the new standards with the publication of the ACFR for Fiscal Year ended June 30, 2015. The FY 2022-2023 financial statements and note disclosures reflect the requirements of these statements.

GASB Statement No. 68 revises and establishes financial reporting requirements for most governments that provide their employees with pension benefits. GASB Statement No. 68

requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability on their financial statements and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through note disclosures and RSI. Additional information required for GASB Statement No. 68 is contained in the notes to the financial statements and RSI.

In March 2016, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 82, *Pension Issues*. Statement No. 82 addresses issues raised by stakeholders during the implementation of GASB's accounting and financial reporting standards for state and local governments: Statements No. 67, No. 68 and No. 73.

Statement No. 82, which amends Statements No. 67, No. 68 and No. 73, is generally effective for reporting periods beginning June 15, 2016 and addresses issues regarding:

- The presentation of payroll-related measures in required supplementary information.
- The selection of assumptions and the treatment of deviations from the guidance in Actuarial Standards of Practice for financial reporting purposes.
- The classification of employer-paid member contributions.

Profile of AMBAG

The Association of Monterey Bay Area Governments is a voluntary association of 18 cities and three counties in California's Central Coast region, encompassing 5,159 square miles and a population that exceeds 764,000. AMBAG was originally formed as a Council of Governments for Monterey and Santa Cruz Counties. The formation of AMBAG was enacted through a Joint Powers Agreement (JPA) in 1968 between the cities and the counties of Monterey, Santa Cruz, and San Benito to serve as a forum for discussing issues of regional significance.

In 1975, AMBAG was designated as a Metropolitan Planning Organization (MPO). An MPO is a federally-designated and federally-funded transportation planning and policymaking organization for the metropolitan planning area in the United States that is made up of representatives from local government and governmental transportation authorities. Federal funding for transportation projects and programs is channeled through this metropolitan planning process. Congress created MPOs in order to ensure that existing and future expenditures of governmental funds for transportation projects and programs are based on a continuing, cooperative, and comprehensive ("3-C") planning process. Metropolitan transportation planning processes are governed by federal law (23 U.S.C. §§ 134–135). Federal law requires transparency through public access to participation in the planning process and electronic publication of plans.

AMBAG addresses issues and provides services for regional and municipal planning, economic and community development, housing planning, cartography and Geographic Information Systems (GIS), transit and transportation planning, long range transportation planning and programming, sustainability and resiliency planning, energy efficiency, greenhouse gas (GHG)

inventorying, development and maintenance of the Regional Travel Demand Model (RTDM) and prepares regional housing, population and employment forecasts that are utilized in a variety of regional plans and programs.

AMBAG is governed by a 24-member Board of Directors which is comprised of elected officials from each city and county within the region. The officers of AMBAG are the President, Vice President, Second Vice President, and Secretary. The President, Vice President, and Second Vice President are elected for one-year terms at a regular Board of Director's meeting. All policymaking decisions, the annual Overall Work Program (OWP) and Budget, program priorities, and all material financial matters are discussed and acted upon through the AMBAG Board of Directors. A listing of each member and the city and county they represent is included in the introductory section of this report. In addition, the AMBAG Board is comprised of nine ex-officio members from Caltrans District 5, Transportation Agency for Monterey County (TAMC), Santa Cruz Regional Transportation Commission (SCRTC), San Benito County Council of Governments (SBtCOG), Monterey Bay Air Resources District (MBARD), Monterey-Salinas Transit (MST) Santa Cruz Metropolitan Transit District (Santa Cruz METRO), Central Coast Community Energy, and Monterey Peninsula Airport District.

The policymaking process, financial and operational oversight for AMBAG are guided by the work of the Executive Finance Committee, made up of AMBAG officers (President, Vice President, Second Vice President, and the Immediate Past President) and such other members as may be appointed by the President with the consent of the Board of Directors. The Executive Finance Committee also assists and advises the Executive Director in developing an annual budget for review and approval by the Board, reviews and evaluates on a continuing basis the financial management practices of AMBAG, and analyzes potential financial issues and recommends alternatives for responding to these issues. The level of budgetary control is essentially at the Executive Finance Committee level. The Executive Finance Committee plans, reviews, and provides recommendations to the AMBAG Board of Directors in areas related to financial and budgetary transactions per the AMBAG By-Laws. Staff at AMBAG may not reallocate appropriations without the consent of the Executive Finance Committee and Board of Directors. Furthermore, the California Department of Transportation (Caltrans), the Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) are the final approval before reallocated funds may be utilized. The department managers may make changes at their discretion within the budget for supplies and materials, current obligations and services, fixed charges, capital outlay, and other expenses. All budgetary items lapse at fiscal year-end and are then budgeted for the coming fiscal year. The budget is prepared on the modified accrual basis. The Board must approve additional grant requests or contracts not included in the amended budget resolution.

As the federally designated MPO for the Monterey Bay region, AMBAG staff annually develops and maintains the OWP and Budget. The OWP and Budget defines the continuing, comprehensive, and coordinated metropolitan planning process for the Monterey Bay Region. AMBAG staff and FHWA, FTA, Caltrans, the Regional Transportation Planning Agencies (RTPAs), transit operators, the Air Resources District and other parties meet and discuss the OWP and

Budget within the broader goals and guidelines of the region. The OWP and Budget provides transportation, housing, sustainability, and other regional planning objectives, the methods and timing for achieving those objectives, and identifies planning responsibilities and funding to complete the work.

The OWP and Budget also serves as a management tool for AMBAG in that it identifies all projects and services to be provided during the year beyond those mandated by the metropolitan planning process. Annually, the AMBAG Board of Directors is required to adopt the OWP and Budget resolution and forward it to Caltrans, FHWA and FTA for their joint review and approval by June 30 each year. The OWP and Budget are subject to periodic adjustments resulting from changes in activities as well as revisions in revenues and expenditures during the fiscal year. Amendments to the OWP and Budget require AMBAG Board approval. Budget-to-actual comparisons are provided in the required supplementary information section. In addition, financial statements, which detail month-to-date and the year-to-date actual versus budgeted expenditure comparisons, are presented to the AMBAG Board and Executive Finance Committee for review during each regularly scheduled meeting.

AMBAG Non-Profit Arm (Blended Component Unit)

Regional Analysis and Planning Services, Inc. (RAPS), is the 501(c)(3) non-profit arm of AMBAG. The Corporation was formed in 1992 for the following purposes:

- Enhancement of the quality of public decision-making in local and other governments through research and development of improved analytic programs, providing technical and educational services, and offering an economic and efficient method of maintaining and distributing such information.
- Serving local governments and other governmental entities and providing educational programs, including workshops, forums, seminars and material on the use of programs, techniques and services.

RAPS Inc. is primarily funded by other governmental agencies seeking administrative and technical support. In addition, RAPS receives periodic sponsorship and grant funding from outside agencies to host educational forums of social, economic, and regional importance. In forming the entity, AMBAG staff was assigned the task of performing the day-to-day functions of the organization.

The non-profit arm of AMBAG is governed by a seven-member Board of Directors. Five of the RAPS Directors are appointed annually on behalf of AMBAG from among its Board of Directors. The remaining Directors are nominated by the AMBAG President and confirmed by the AMBAG Board of Directors from among the public, one each from the County of Monterey and the County of Santa Cruz. The Directors serve a one-year term.

RAPS Inc. is legally separate from AMBAG and meets the test required by GAAP to be presented as a blended component unit in AMBAG's financial statements. In addition, individual financial

statements are included for the blended component unit in the required supplementary information section.

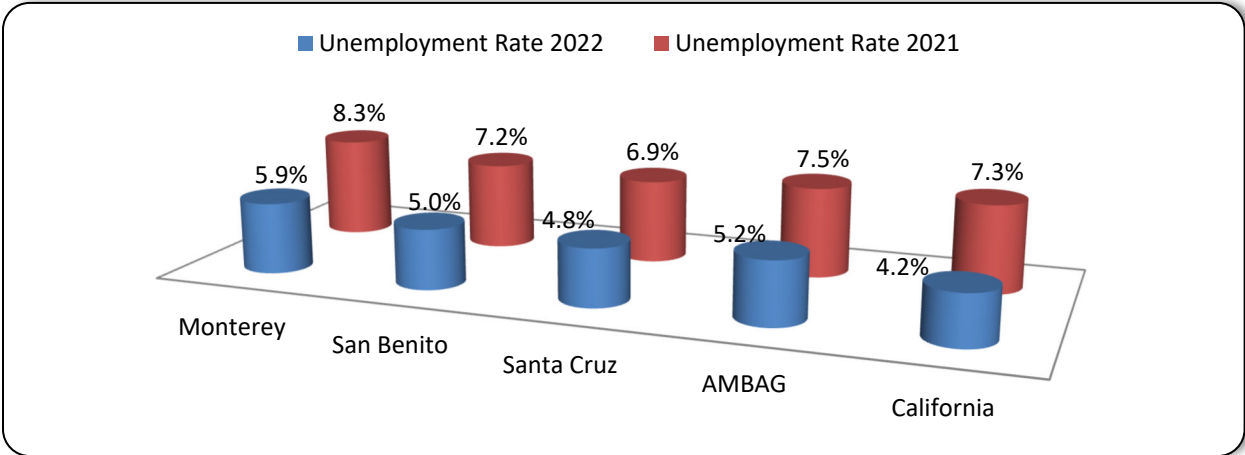
Monterey Bay Area Region Economic Condition and Outlook

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which AMBAG operates.

The AMBAG regional economy has an industry structure that is quite different in some ways than the statewide structure or the industry structure in regions like Southern California or the San Francisco Bay Area. One difference is the large share of jobs in Agriculture. According to the California Employment Development Department, more than 20 percent of total jobs in the AMBAG region are in Agriculture compared to just 2 percent statewide. Other sectors with above average shares in the region include Government (17 percent) and Leisure and Hospitality (12 percent). Conversely, the AMBAG region has a below average share of jobs in the fast-growing, high wage Information sector as well as in Natural Resources, Mining and Construction; Manufacturing; Wholesale Trade; Transportation, Warehousing and Utilities; Financial Activities; Professional and Business Service; and Educational and Health Services (Source: California Employment Development Department, 2022).

The region is projected to experience job growth at a slightly slower rate than the state and nation. The primary reason for this below average job growth is the region’s below-average concentration in fast-growing sectors such as Information and Professional, Scientific and Technical Services. The region also has a below average exposure to growth in foreign trade. Positive factors include above average performance relative to state trends in tourism and agriculture. Over the last year, unemployment has decreased in the AMBAG region, as reported by the California Employment Development Department (see chart below). Ten-year unemployment rate trends are in the statistical section of this report.

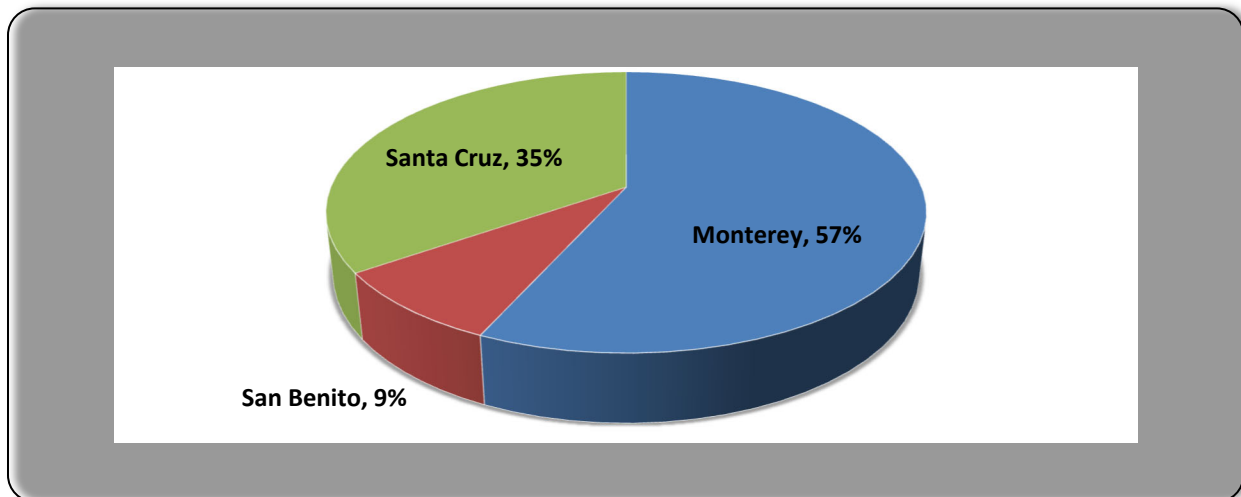
Comparison of Unemployment Rate



The nation is expected to add over 29 million jobs between 2015 and 2045 for an increase of 20 percent. Growth nationwide is expected to be fairly constant throughout the forecast period. The state of California is projected to experience job growth that is slightly faster than the nation’s job growth in the early years of the forecast, and to slow down to a rate more similar to the national growth rate by 2045. The State is projected to see a 14 percent increase in total jobs between 2015 and 2045, with fastest growth in Professional and Business Services, Education and Healthcare, Transportation, Warehousing and Utilities. The AMBAG region is projected to add nearly 65,500 jobs between 2015 and 2045 (growth of 17 percent). The region is projected to have 442,800 jobs in 2045, per the AMBAG 2022 Regional Growth Forecast. These trends are according to projections from Population Reference Bureau (PRB) with input from the U.S. Bureau of Labor Statistics, California Employment Development Department Industry Employment Projections and California Department of Transportation.

The tri-county AMBAG region has seen its population increase in the past decade. Between 2013 and 2022, the regional population has increased by 1.3 percent. Of the three counties in the AMBAG region, Monterey County has the most residents accounting for approximately 57 percent of the tri-county population in 2022. As depicted in the chart below, Santa Cruz County represented 35 percent, while San Benito County residents accounted for approximately 9 percent of the tri-county regional population.

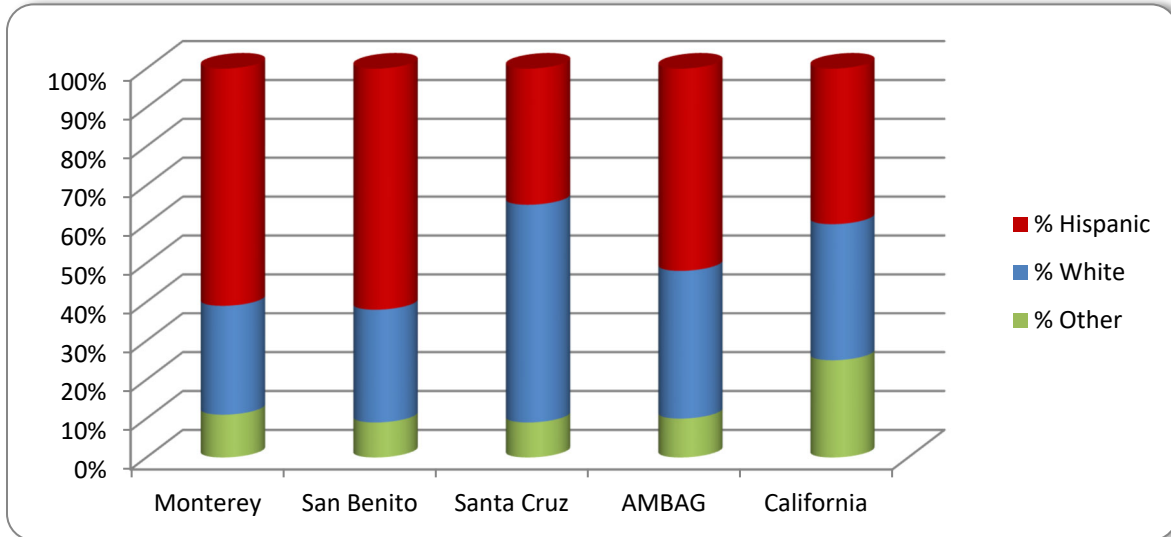
Share of Regional Population by County 2022



As depicted in the chart below, the Monterey Bay Area region is a racially and ethnically diverse region. In 2022, the U.S. Census Bureau estimated that Hispanic or Latino residents constitute approximately 61 percent of Monterey County, 62 percent of San Benito County, and 35 percent of Santa Cruz County. In the tri-county region, 28 percent of Monterey County residents, 29 percent of San Benito County residents, and 56 percent of Santa Cruz County residents self-identified as non-Hispanic White. Statewide, Hispanic or Latino residents are reported at 40 percent, while 35 percent of statewide residents are non-Hispanic White. The remaining

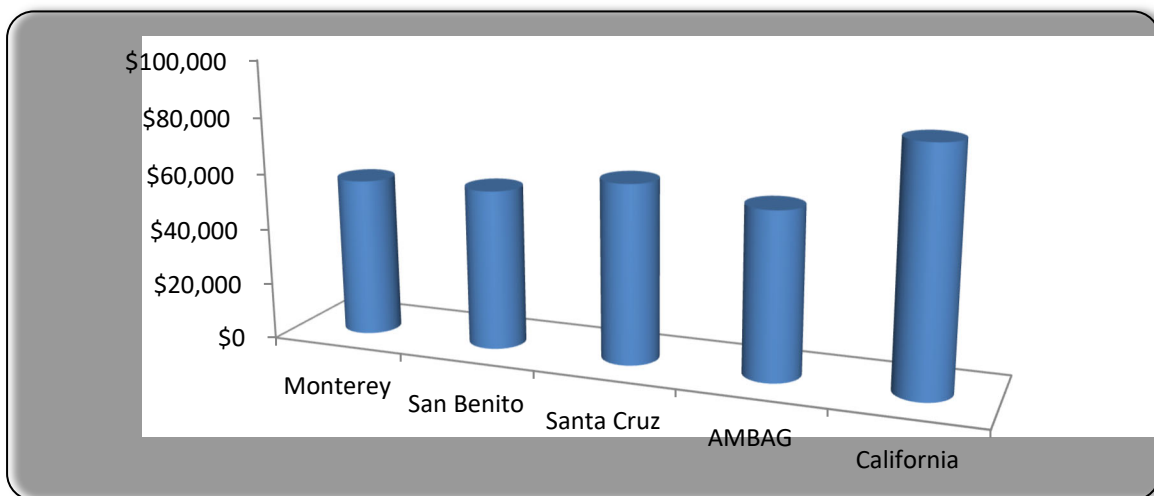
residents self-identified as Other for Santa Cruz County at 9 percent, San Benito County at 9 percent, Monterey County at 11 percent and statewide at 25 percent.

Racial Diversity in the AMBAG Region 2022



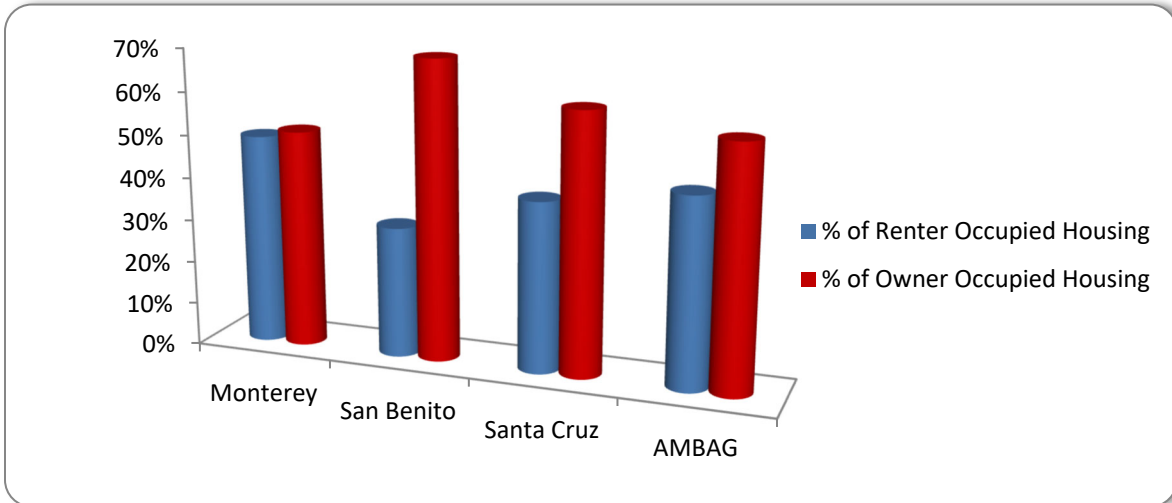
As noted in the chart below, of the three counties in the AMBAG region, Santa Cruz County residents have the highest average annual wages of approximately \$63,438, followed by Monterey and San Benito counties with average annual wages of \$56,318 and \$56,776 respectively. A high per capita income for tri-county residents is crucial in the context of the county's high housing costs. In addition, a higher relative per capita income signals greater discretionary income for the purchase of goods and services.

Average Annual Wages 2022



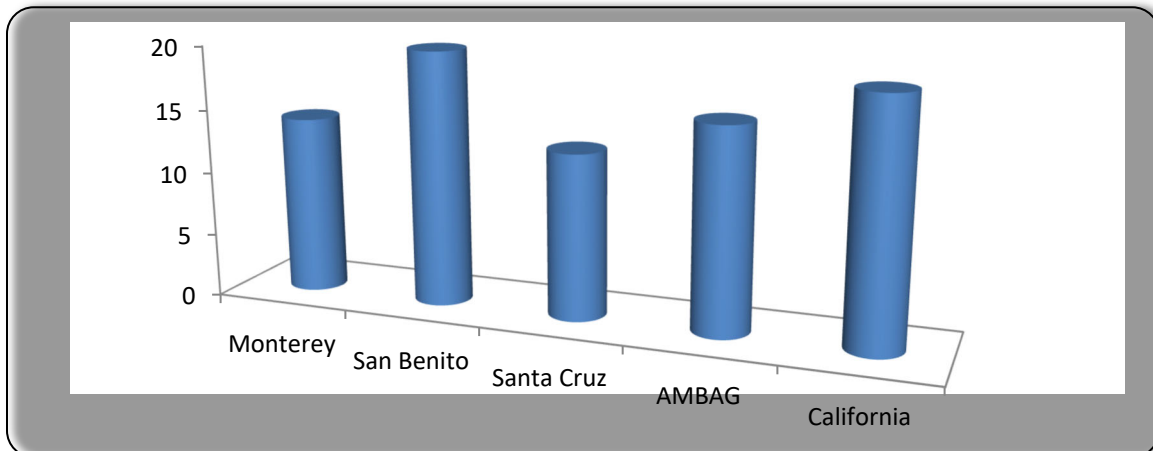
In 2021, the five-year estimate from the U.S. Census for percentage of renter occupied housing was 44 percent for the AMBAG region. Monterey County showed the highest results with 49 percent, followed by 40 percent for Santa Cruz County, and 30 percent for San Benito County. The statistics for owner-occupied housing for the region was 56 percent, with San Benito County showing the highest with 70 percent, followed by Santa Cruz County with 60 percent and Monterey County with 51 percent.

Renter Occupied vs. Owner Occupied Housing 2021



The California Association of Realtors® Traditional Housing Affordability Index (HAI) measures the percentage of households that can afford to purchase the median priced home within their respective counties. The HAI is considered a primary measure of housing well-being for buyers in the state. In 2022, approximately 13 percent of households in Santa Cruz County, 14 percent of households in Monterey County, and 20 percent of households in San Benito County could afford to purchase a median priced home within their County. The statewide HAI in 2022 was 19, while the AMBAG average was 16.

Housing Affordability Index 2022



Long-Term Financial Planning

The federal government funds transportation projects and programs in part through taxes on fuel consumption and other fees related to use of the transportation system. The Highway Revenue Act of 1956 tied the gas tax to transportation projects through the Federal-Aid Highway program. The 1956 act created a dedicated transportation funding account, the Highway Trust Fund (HTF). In the early 1980s, Congress expanded the definition of federal highways and created new programs to address transit infrastructure as well as established a Mass Transit Account within the trust fund.

AMBAG is primarily dependent upon formula revenues and planning grants from FHWA, FTA and the State of California. These funds are administered by Caltrans.

Major Initiatives

Fiscal Year 2022-2023 represents a watershed moment in the evolution of AMBAG as the organization strives to deliver planning for the region's future in an integrated and holistic fashion, rather than as a transportation silo.

Infrastructure Investment and Jobs Act (IIJA)

On November 15, 2021, President Biden signed the [Infrastructure Investment and Jobs Act \(IIJA\) \(Public Law 117-58, also known as the "Bipartisan Infrastructure Law"\)](#) into law. The Bipartisan Infrastructure Law is the largest long-term investment in our infrastructure and economy in our Nation's history. It provides \$550 billion over fiscal years 2022 through 2026 in new Federal investment in infrastructure, including in roads, bridges, and mass transit, water infrastructure, resilience, and broadband. New programs under the Bipartisan Infrastructure Law focus on key infrastructure priorities including rehabilitating bridges in critical need of repair, reducing carbon emissions, increasing system resilience, removing barriers to connecting communities, and improving mobility and access to economic opportunity.

Senate Bill 1 (SB 1)

Senate Bill 1 (Chapter 5, Beall, 2017) is known as The Road Repair and Accountability Act of 2017 and provides the first significant, stable and ongoing increase in state transportation funding totaling an estimated \$5.2 billion annually for the State of California. SB 1 created the Road Maintenance and Rehabilitation Account and the Road Maintenance and Rehabilitation Program.

AMBAG received approximately \$318,324 in SB 1 funding for FY 2022-2023. In addition, AMBAG will receive a formula based apportionment of SB 1 funding annually for the next 10 years. This funding will assist in conducting local and regional multimodal transportation and land use planning that further AMBAG's Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS), contribute to the State's greenhouse gas (GHG) reduction goals and targets, and other sustainability goals.

2050 Metropolitan Transportation Plan/Sustainable Communities Strategy

AMBAG initiated the development of the 2050 Metropolitan Plan/Sustainable Communities Strategy (MTP/SCS). The MTP is the federally mandated long-range transportation plan for the Monterey Bay Area region. This plan lays out a financially constrained list of transportation projects over the next 20 plus years that will enhance regional mobility as well as reduce greenhouse gas emissions. Given the size and complexity of our region, the MTP by necessity is a living document that must be adjusted on a regular basis to keep it valid, relevant, and in accordance with new challenges and opportunities. Accordingly, it may be amended occasionally between major updates, to ensure major projects being planned and implemented in the region remain consistent with the prevailing MTP. The Draft 2050 MTP/SCS is scheduled to be released in November 2025 and the Final 2050 MTP/SCS scheduled for adoption in June 2026.

2026 Regional Growth Forecast

The RGF projects the region's population, employment, and housing numbers for the tri-county area of Monterey, San Benito and Santa Cruz Counties. The purpose of the RGF is to show likely changes in employment, population and housing in the region by 2050, based on the most current information available. This forecast is used to inform regional and local planning projects such as the MTP/SCS, transportation projects, corridor studies and economic activity analyses. Results from this forecast are used as inputs in the AMBAG's Regional Travel Demand Model (RTDM) to forecast travel patterns. The 2026 RGF is scheduled to be accepted by the AMBAG Board for planning purposes in October 2024 and formally adopted in June 2026.

Metropolitan Transportation Improvement Program

Biennially, AMBAG updates the Metropolitan Transportation Improvement Program (MTIP) for Monterey, San Benito and Santa Cruz Counties. The MTIP is AMBAG's transportation project programming document necessary to bring state and federal transportation funds to the region. It is the short-term component of the MTP and is developed to be consistent with AMBAG's adopted MTP for the tri-county (Monterey, Santa Cruz, and San Benito counties) Metropolitan Planning area. The MTIP contains transportation improvement projects including public mass transit, highway, local road, bicycle, and pedestrian projects proposed for funding based on anticipated available federal, state and local funding to be implemented over the next four years (federal fiscal year (FFY) 2022-2023 to FFY 2025-2026).

The table on the following page shows the MTIP funding sources by year. The MTIP must be financially constrained by year and must be updated at least every four years and amended as needed through formal amendments or an administrative modification. The AMBAG Board of Directors adopted the MTIP for FFY 2022-2023 to FFY 2025-2026 at their September 14, 2022 meeting and it was jointly approved by FHWA and FTA on December 16, 2022. The MTIP is amended as needed. A total of eight formal amendments and modifications to the MTIP were processed, as of June 30, 2023.

AMBAG Region MTIP Funding Sources by Year

Funding Source (\$ in 1,000s)				
Year	Local	State	Federal	Total
2022/23	\$219,291	\$518,781	\$39,180	\$777,252
2023-24	\$128,934	\$100,320	\$72,136	\$301,390
2024-25	\$88,659	\$148,268	\$40,568	\$277,495
2025/26	\$89,439	\$132,967	\$41,350	\$263,756
Total \$	\$526,323	\$900,336	\$193,234	\$1,619,893
% of Total	32.49%	55.58%	11.93%	100%

Land Use Model and Development Monitoring Framework

In Fiscal Year 2021-22, AMBAG, San Luis Obispo Council of Governments (SLOCOG), Butte County Association of Governments (BCAG), Shasta Regional Transportation Agency (SRTA), and Tahoe Regional Planning Agency (TRPA) (five California MPOs), were awarded a Caltrans planning grant in the amount of \$550,000 which was matched with local funds \$90,000 and in-kind \$20,000. This is a multi-year project, with consulting support staff will be developing a cost effective and advanced Integrated Land Use Model and Development Monitoring Framework for all five MPOs. The final product will be five fully functional advanced Integrated Land Use Model and Development Monitoring Framework, to be utilized by the five MPOs, Caltrans, Regional Transportation Planning Agencies (RTPAs), transit agencies and local jurisdictions to evaluate land use and transportation policies while also meeting California State Senate Bill 375 (SB 375) requirements. During FY 2022-23, AMBAG staff in consultation with other partner 4 MPO’s staff, developed a draft Land Development Tracking System and Land Use Model frame work with technical assistance from selected professional consultants. This is a multi-year project and is expected to be completed by August 2024.

AMBAG Sustainability Program

The AMBAG Sustainability Program continued to work throughout the Monterey Bay region to help communities and public agencies achieve their sustainability goals as well as reduce Greenhouse Gas (GHG) emissions in an equitable and cost-effective manner. In the past year, the program focused on implementing four initiatives. First, the program provided technical assistance to school districts to close out the remaining Proposition 39 program reporting requirements. Second, through an agreement with Central Coast Community Energy (3CE), AMBAG provided each 3CE member jurisdictions with a 2020 inventory. Third, staff continued to implement a \$250,000 Sustainable Agricultural Lands Conservation planning grant to create the Monterey Bay Natural and Working Lands Climate Mitigation and Resiliency Study. Finally, staff partnered with rural energy efficiency program implementers throughout California and received California Public Utilities Commission approval for the Rural Regional Energy Network (RuralREN). The RuralREN was approved on June 29, 2023 with a 2024-2027 budget of \$84 million and will create new energy efficiency programs in 31 California counties, including in the Monterey Bay region.

Regional Housing Planning

In September 2019, the adopted FY 2019-20 California Budget (AB 74) and associated housing trailer bill (AB 101) established the Local Government Planning Support Grants Program, including the Regional Early Action Planning (REAP 1.0) Program. AMBAG was selected as the fiscal agent for the REAP 1.0 funding in the Central Coast. In the AMBAG region, REAP 1.0 funding is being used to develop the local jurisdiction's housing elements and for the preparation of the Regional Housing Needs Allocation Plan. REAP 2021 (REAP 2.0) was established through AB 140 (July 2021) as part of the mid-year budget revise for the State's FY 21-22 budget. Approximately \$600 million is available statewide to support transformative and innovative projects that implement a region's Sustainable Communities Strategy and help achieve goals of more housing and transportation options that reduce reliance on cars. The State allocated approximately \$10 million to AMBAG. AMBAG developed a REAP 2.0 program framework consisting of three elements: Regional Competitive Grant Program, Local Suballocation Grant Program and AMBAG SCS Implementation/Technical Assistance/Program Development/Administration. Grant guidelines and applications were developed in spring 2023. The Notice of Funding Availability was released in June 2023.

AMBAG will continue the work associated with the aforementioned initiatives and many other agency projects that support the principles of efficient and multimodal regional transportation that preserves the dynamic heritage of the region. The Work Program Initiatives section of this report provides additional details.

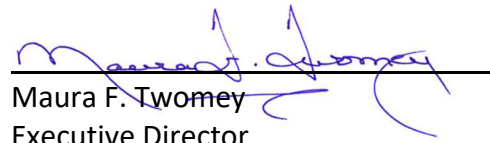
Acknowledgements

On behalf of all staff at AMBAG, we express our sincere gratitude to each of the Board Members for your leadership, hard work and support throughout the year. We recognize that being a member of the AMBAG Board of Directors is a demanding responsibility that requires a tremendous investment of time, and we do appreciate your efforts.


The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Association of Monterey Bay Area Governments for its Annual Comprehensive Financial Report (ACFR) for the Fiscal Year ended June 30, 2022. This was the 11th consecutive year that AMBAG has received this prestigious award. In order to be awarded a Certificate of Achievement, a government agency must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. The preparation of this report could not be accomplished without the dedication and efficient services of the entire AMBAG staff.

With leadership from the AMBAG Board of Directors and the work of management and our excellent staff, we are prepared to continue the complex and challenging work of planning for the Monterey Bay Area region!

Sincerely,



Maura F. Twomey
Executive Director



Errol Osteraa
Director of Finance and Administrative Services

Work Program Initiatives

Work Program Initiatives

AMBAG performs metropolitan level transportation planning on behalf of the region utilizing a continuous, comprehensive and cooperative framework. Among its many duties, AMBAG manages the region's transportation demand model, Geographic Information System (GIS) data services and prepares regional housing, population and employment forecasts that are utilized in a variety of regional plans. While transportation planning is AMBAG's federally mandated requirement, as an MPO, AMBAG also provides other services that are summarized below. All projects, plans and deliverables are detailed in AMBAG's OWP and Budget. Please visit www.ambag.org for additional details.

2050 METROPOLITAN TRANSPORTATION PLAN (MTP)/SUSTAINABLE COMMUNITIES STRATEGY (SCS)

AMBAG initiated the 2050 Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS). The MTP is the federally mandated long-range transportation plan for the Monterey Bay region. This plan lays out a financially constrained list of transportation projects and programs over the next 25 years that will enhance regional mobility while reducing greenhouse gas emissions. The 2050 MTP/SCS is scheduled for adoption in June 2026.

REGIONAL GROWTH FORECAST (RGF)

The Regional Growth Forecast (RGF) projects the region's population, employment and housing numbers for the tri-county Monterey Bay Area region. The purpose of the RGF is to show likely changes in employment, population and housing in the region by 2050 based on the most current information available. This forecast is used to support regional and local planning projects such as the MTP/SCS, transportation projects, corridor studies and economic activity analyses. Results from this forecast are used as inputs in the Regional Travel Demand Model (RTDM) to forecast travel patterns. The AMBAG Board of Directors is scheduled to accept the 2026 RGF for planning purposes in October 2024 and formally adopted in June 2026. The 2026 RGF will be used in the development of the 2050 MTP/SCS and the Regional Housing Needs Allocation.

METROPOLITAN TRANSPORTATION IMPROVEMENT PROGRAM (MTIP)

The AMBAG Metropolitan Transportation Improvement Program (MTIP) is the four-year financially constrained short range transportation programming document for the tri-county Monterey Bay region, updated every two years for the four years ahead. Staff processed eight amendments to include new projects or update project scope and/or funding in FY 2022-23. AMBAG updated the program, in coordination and cooperation with FHWA, FTA, Caltrans, RTPAs, transit agencies and other interested stakeholders in the region. The FFY 2022-2023 to FFY 2025-2026 MTIP was finalized and adopted by the AMBAG Board of Directors on

September 14, 2022. In addition, MAP-21 and the FAST Act established several performance management requirements aiming to ensure the most efficient investment of transportation funds, support improved decision-making and increase accountability and transparency. Currently AMBAG is required to report on the safety, condition and performance of the transportation system in relation to its adopted performance targets (Title 23 CFR§ 450.324), as well as with other new federal requirements related to long-range planning including any potential scenario planning. These requirements were incorporated in the FFY 2022-2023 to FFY 2025-2026 MTIP in FY 2022-2023.

2020 GREENHOUSE GAS INVENTORIES FOR ALL 3CE MEMBER JURISDICTIONS

Through a partnership with 3CE, the AMBAG Sustainability Program prepared 2020 Community-wide Greenhouse Gas Inventories for all 3CE member jurisdictions in Monterey, San Benito, San Luis Obispo, Santa Barbara, and Santa Cruz counties. Community-wide GHG Inventories are a tool that jurisdictions can use to track the progress of existing GHG reduction strategies or as a starting point towards the development a Climate Action Plan.

REGIONAL TRAVEL DEMAND MODEL

The Regional Travel Demand Model (RTDM) is a tool used by AMBAG and its partner agencies to analyze the impacts of land use and transportation investment on the transportation network and its performance. Its primary output is a measure of vehicle miles traveled (VMT) and associated Greenhouse Gases (GHG) in the tri-county area of Monterey, San Benito, and Santa Cruz counties. During the FY 2022-23, AMBAG started updating the AMBAG RTDM base year data sets for the year 2022 and the future year will be 2050. The latest data and travel demand modeling practices (Activity Based Model) will be developed and applied to develop the 2050 MTP/SCS, which is expected to adopt by AMBAG Board of Directors in June 2026. The development of the 2050 MTP/SCS will involve extensive modeling work, scenario development, and data analysis.

INTEGRATED LAND USE MODEL AND DEVELOPMENT MONITORING FRAMEWORK

In FY 2021-2022, AMBAG, San Luis Obispo Council of Governments (SLOCOG), Butte County Association of Governments (BCAG), Shasta Regional Transportation Agency (SRTA), and Tahoe Regional Planning Agency (TRPA) (five California MPOs), were awarded a Caltrans planning grant in the amount of \$550,000 which was matched with local funds \$90,000 and in-kind \$20,000. This is a multi-year project, with consulting support staff will be developing a cost effective and advanced Integrated Land Use Model and Development Monitoring Framework for all five MPOs. The final product will be five fully functional advanced Integrated Land Use Model and Development Monitoring Framework, to be utilized by the five MPOs, Caltrans, Regional Transportation Planning Agencies (RTPAs), transit agencies and local jurisdictions to evaluate land use and transportation policies while also meeting California State Senate Bill 375 (SB 375) requirements. During FY 2022-23, AMBAG staff in consultation with partner MPO's

staff, developed a draft Land Development Tracking System and Land Use Model framework with technical assistance from selected professional consultants. This is a multi-year project and is expected to be completed by August 2024.

GEOGRAPHIC INFORMATION SYSTEMS (GIS) AND DATA CLEARINGHOUSE

AMBAG staff continue enhancing the AMBAG GIS web portal leveraging the latest ESRI technology in FY 2022-23. The GIS Portal allows jurisdictions to log in and edit data for inclusion in our long-range plan and also provides the ability for the public to view geospatial data in a live and interactive format. The Portal hosts most updated and historical spatial data holdings in a standardized, dynamic, and accessible format. AMBAG compiled GIS datasets to show transportation project, managing agencies and the types of sensitive environmental or other resources are near projects to help them prepare Environmental Impact Reports (EIRs) and design projects which cause the least impact to these resources. In addition, as a part of the land use model grant project, in FY 2022-23, AMBAG began evaluating the use of a GIS based land use development tracking system to be made available to each member jurisdiction for their planning purpose as well. In FY2022-23, AMBAG staff started working with the 18 cities and three counties to enhance technical support amongst our member jurisdictions and introduce the ability to quickly update land use data and opportunity area focused growth. AMBAG staff incorporated the data captured in the GIS Portal into AMBAG travel demand model and urban footprint as a key component in the development of MTP/SCS and carry out public participation process as well.

REGIONAL HOUSING PLANNING

The adopted FY 2019-20 California Budget (AB 74, June 2019) and the associated housing trailer bill (AB 101) established the Regional Early Action Planning Grant Program (REAP 1.0) REAP 1.0 was established for the purpose of providing regions and jurisdictions with one-time funding, focusing on grants for planning activities, to enable jurisdictions to meet the 6th Cycle of the Regional Housing Needs Assessment (RHNA). The program is administered by the California Department of Housing and Community Development (HCD). The regional funding was allocated to mega-regions throughout the state. In the AMBAG region, REAP 1.0 funding is being used to develop the local jurisdiction's housing elements and for the preparation of the Regional Housing Needs Allocation Plan. REAP 1.0 will end in spring 2024.

REAP 2021 (REAP 2.0) was established through AB 140 (July 2021) as part of the mid-year budget revise for the State's FY 21-22 budget. Approximately \$600 million is available statewide to support transformative and innovative projects that implement a region's Sustainable Communities Strategy and help achieve goals of more housing and transportation options that reduce reliance on cars. The State allocated approximately \$10 million to AMBAG. AMBAG developed a REAP 2.0 program framework consisting of three elements: Regional Competitive Grant Program, Local Suballocation Grant Program and AMBAG SCS Implementation/Technical

Assistance/Program Development/Administration. Grant guidelines and applications were developed in spring 2023. The Notice of Funding Availability was released in June 2023. Awards for both the RCGP and LSGP will be awarded in fall 2023. REAP 2.0 will end in spring 2026.

AMBAG prepares the Regional Housing Need Allocation (RHNA) plan for Monterey and Santa Cruz counties. The RHNA plan establishes the total number of housing units that each city and county must plan for within an eight-year planning period. Under state law and HCD oversight, AMBAG must develop RHNA every eight years. This process begins with HCD providing a Regional Housing Needs Determination (RHND) for the Monterey and Santa Cruz counties. The regional determination includes an overall housing need number, as well as the percentage of units required in different income categories. AMBAG received its 6th Cycle Regional Housing Need Determination from HCD in August 2021. The final RHNA Plan was adopted in October 2022.



Government Finance Officers Association

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Presented to

**Association of Monterey Bay Area Governments
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

AMBAG Governing Board

AMBAG Board of Directors

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Karen Ferlito, City of Carmel-by-the-Sea, Council Member
John Uy, City of Del Rey Oaks, Council Member
Scott Funk, City of Gonzales, Mayor Pro Tem
Robert White, City of Greenfield, Mayor
Rick Perez, City of Hollister, Council Member
Carlos Victoria, City of King City, Mayor Pro Tem
Brian McCarthy, City of Marina, Council Member
Alan Haffa, City of Monterey, Council Member
Nick Smith, City of Pacific Grove, Mayor Pro Tem
Steve McShane, City of Salinas, Council Member
John Freeman, City of San Juan Bautista, Council Member
Mary Ann Carbone, City of Sand City, Mayor
Sandy Brown, City of Santa Cruz, Council Member
Derek Timm, City of Scotts Valley, Mayor
Alex Miller, City of Seaside, Council Member
Anna Velazquez, City of Soledad, Mayor
Eduardo Montesino, City of Watsonville, Council Member
Mary Adams, County of Monterey, Supervisor
Glenn Church, County of Monterey, Supervisor
Kollin Kosmicki, County of San Benito, Supervisor
Dom Zanger, County of San Benito, Supervisor
Felipe Hernandez, County of Santa Cruz, Supervisor
Manu Koenig, County of Santa Cruz, Supervisor

2023 Officers

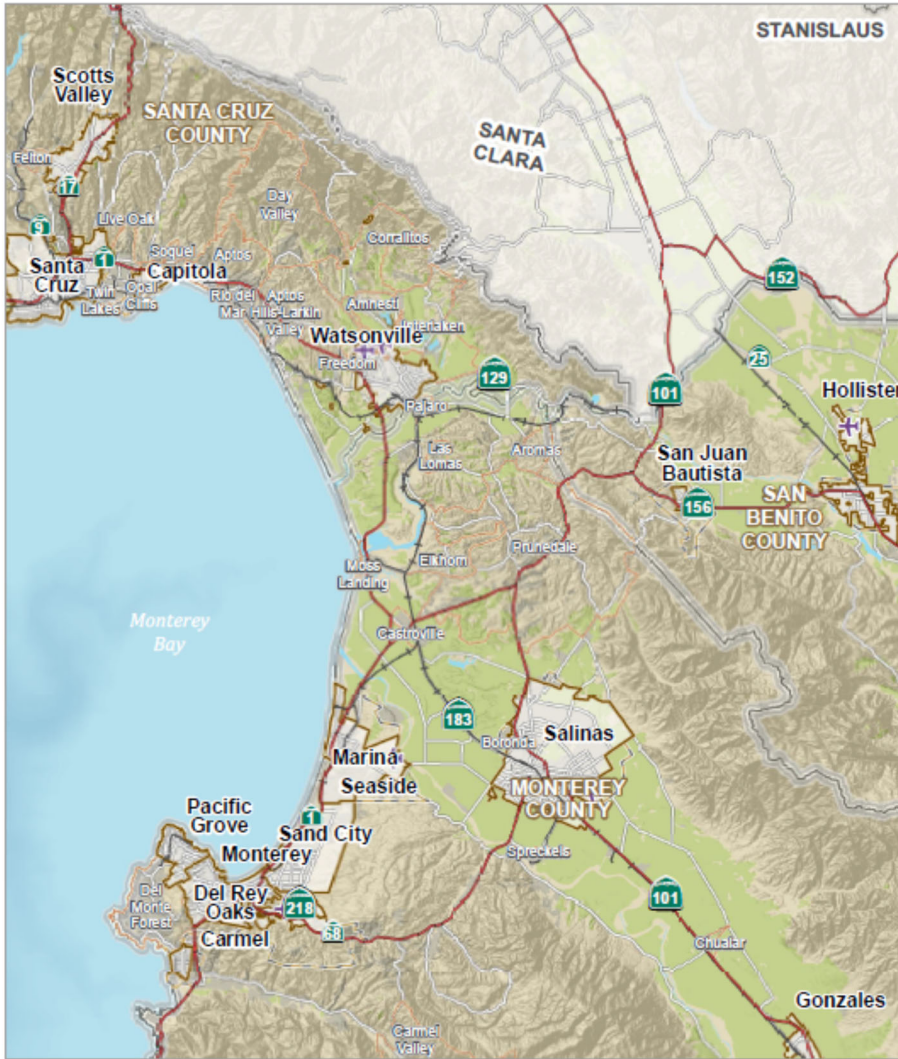
John Freeman, City of San Juan Bautista, President
Mary Ann Carbone, City of Sand City, 1st Vice President
Derek Timm, City of Scotts Valley, 2nd Vice President

Ex-Officios

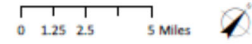
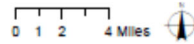
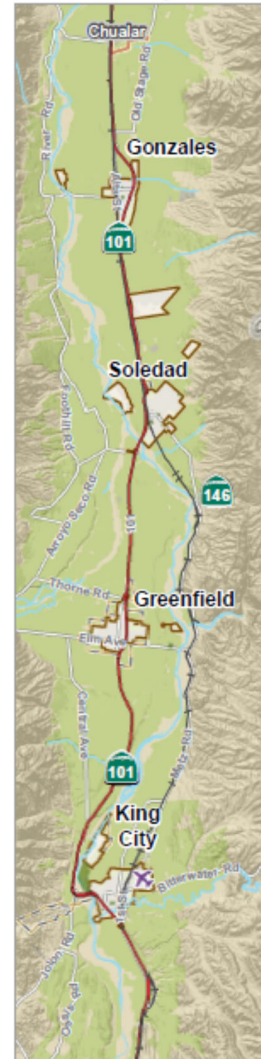
Scott Eades, California Department of Transportation (Caltrans), District 5
Richard Stedman, Monterey Bay Air Resources District (MBARD)
Binu Abraham, San Benito County Council of Governments (SBtCOG)
Guy Preston, Santa Cruz County Regional Transportation Commission (SCCRTC)
Michael Tree, Santa Cruz Metropolitan Transit District (METRO)
Todd Muck, Transportation Agency for Monterey County (TAMC)
Carl Sedoryk, Monterey-Salinas Transit (MST)
Carl Miller, Monterey Regional Airport
Catherine Stedman, Central Coast Community Energy

AMBAG Region

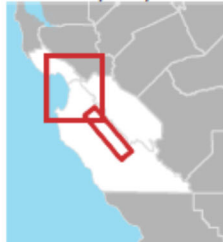
Central Monterey Bay Area



Salinas Valley



Monterey Bay Area

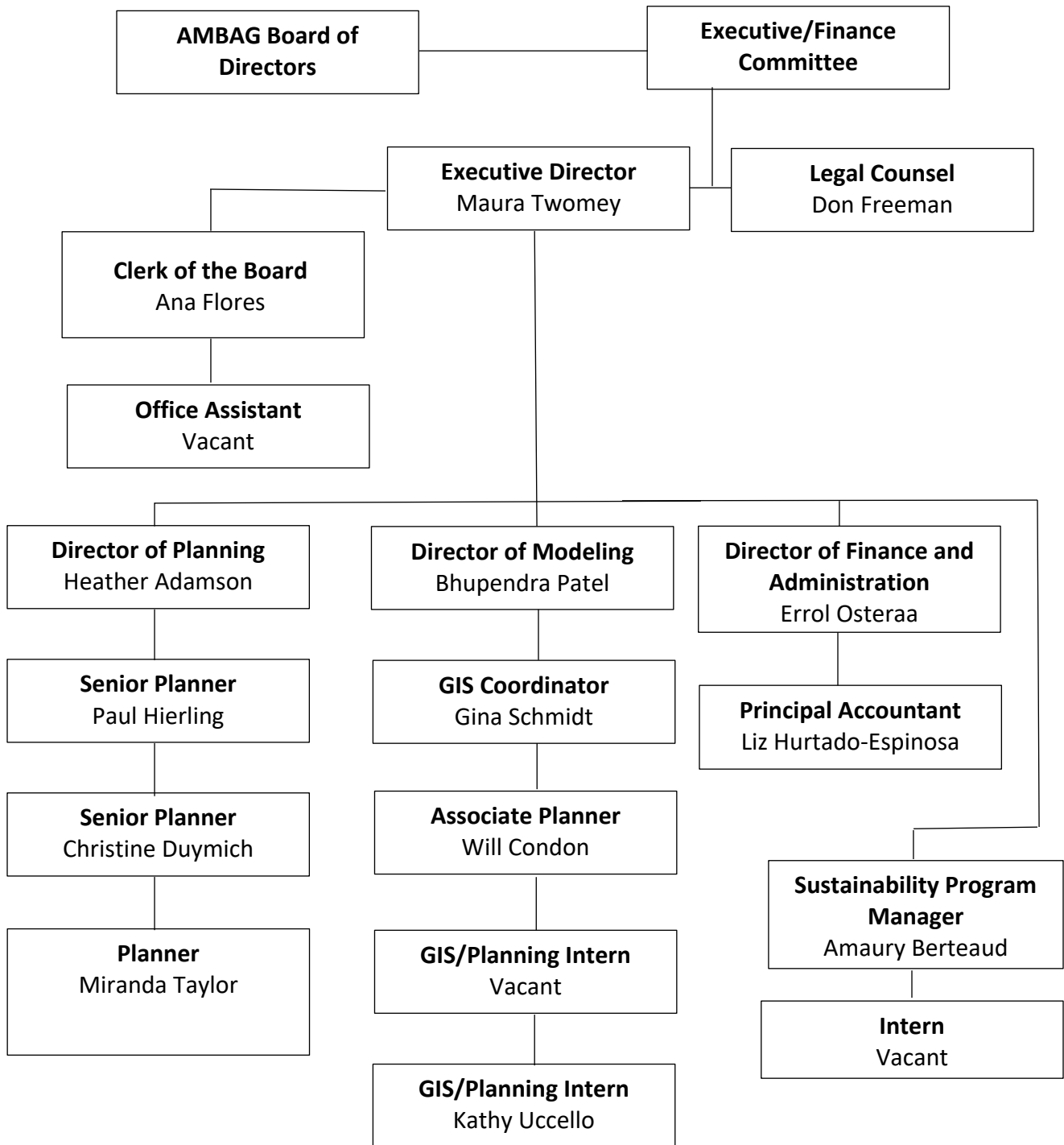


- Railroad
- Public Airport
- Highway
- Major Road
- Hydrography
- National Forests
- County Boundaries
- Census Designated Places
- Sphere of Influence
- City Boundaries

Data Sources:
 ESRI Business Analyst;
 CA Dept of Conservation
 Farmland Mapping
 and Monitoring Program;
 AMBAG



AMBAG Organizational Chart



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Directors
Association of Monterey Bay Area Governments
Monterey, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Association of Monterey Bay Area Governments, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Association of Monterey Bay Area Governments 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 and each major fund, of the Association of Monterey Bay Area Governments, as of June 30, 2023, and the respective changes in financial position for the 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 (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association of Monterey Bay Area Governments, 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 Association of Monterey Bay Area Governments' 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 auditors' 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 GAAS 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 Association of Monterey Bay Area Governments' 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 Association of Monterey Bay Area Governments' 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 management's discussion and analysis, the schedule of changes in the net OPEB liability (asset) and related ratios, the schedule of contributions – OPEB, budgetary comparison schedules, the schedule of proportionate share of the net pension liability and the schedule of contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise the Association of Monterey Bay Area Governments' basic financial statements. The schedule of direct, indirect and unallowable expenditures for the general fund, the schedule of expenditures for the consolidated planning grant and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of direct, indirect and unallowable expenditures for the general fund, the schedule of expenditures for the consolidated planning grant and the schedule of expenditures of federal awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2024 on our consideration of the Association of Monterey Bay Area Governments' 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 solely 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 the effectiveness of the Association of Monterey Bay Area Governments' 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 Association of Monterey Bay Area Governments' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Salinas, California
January 11, 2024

Management's Discussion & Analysis

The Management Discussion and Analysis (MD&A) of the Association of Monterey Bay Area Governments (AMBAG) presents an overview and analysis of the financial activities and changes in financial position for AMBAG and its blended component unit, Regional Analysis and Planning Services, Inc. (RAPS), a non-profit organization for the year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

Highlights of AMBAG and RAPS financial performance during the fiscal year ended June 30, 2023 are below:

AMBAG had a positive change in fund balance of \$280,536.

RAPS had a positive change in fund balance of \$9,081.

AMBAG funded \$35,024 of its Actuarial Determined Contribution (ADC) for Other Post-Employment Benefits (OPEB). The annual OPEB cost for the year ended June 30, 2023 was \$9,624. The difference between the ADC funded and the annual OPEB cost is \$21,939, which was the implicit subsidy. AMBAG is current on ARC payments. AMBAG currently has a net OPEB asset of \$32,374.

The Line of Credit was not utilized during FY 2022-2023.

In FY 2022-2023, AMBAG initiated the 2050 Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS). The MTP/SCS is a long-range transportation plan for the Monterey Bay region that is completed on a four-year cycle. The 2050 MTP/SCS includes transportation projects and programs that will enhance regional mobility and reduce greenhouse gas emissions over the next 25 years. The 2050 MTP/SCS was adopted by the AMBAG Board of Directors in June 2026.

In Fiscal Year 2021-2022, AMBAG, San Luis Obispo Council of Governments, Butte County Association of Governments, Shasta Regional Transportation Agency, and Tahoe Regional Planning Agency were awarded a Caltrans Planning Grant in the amount of \$550,000, which was matched with local and in-kind funds. The project will produce a cost effective and advanced Integrated Land Use Model and Development Monitoring Framework for all five MPOs. This is a multi-year project and is expected to be completed by August 2024.

In October 2021, RAPS added a work element to provide Clerk of the Board and administrative services to the recently established Pajaro Regional Flood Management Agency. RAPS

continued to provide administrative and technical services to Pajaro River Watershed Flood Prevention Authority (PRWFPA), as well as public agencies throughout the Monterey Bay Area Region and California. Revenues from services provided equaled \$98,834.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The MD&A is intended to serve as an overview of AMBAG's basic financial statements. The basic financial statements are comprised of the Government-Wide financial statements, the Governmental Fund financial statements and notes to the basic financial statements. These various presentations combine to form an integrated set of basic financial statements. In this MD&A, the Statement of Net Position and the individual accounts, which comprise total assets and liabilities, are discussed and analyzed for the reader. Specific information about the functional areas of grant revenues and expenses reported in the Statement of Activities is also provided.

The financial statements provide both long- and short-term information about AMBAG's financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by required supplementary information that further explains and supports the information in the financial statements.

AMBAG's financial statements are prepared on the accrual basis in conformity with General Accepted Accounting Principles (GAAP) as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred and depreciation of assets is recognized in the Statement of Activities. All assets and liabilities associated with the operation of AMBAG are included in the Statement of Net Position. See notes to the basic financial statements for additional information.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of AMBAG's finances, as well as its blended component unit, RAPS, in a manner similar to private-sectors financial statements. This means reporting the extent to which AMBAG met its operating objectives. The government-wide statements ignore the partitions created by the funds, bringing the financial activity together in one place and using just one type of information: accrual-based economic resources. As a result, all assets and liabilities are accounted for, as well as all inflows and outflows of resources. The statements organize information by whether it relates to governmental activities or business-type activities (AMBAG has no business-type activities).

Generally, the governmental activities are those accounted for in the governmental funds. Additionally, component units are included in the basic financial statements and consist of legally separate entities for which the primary government (AMBAG) is financially accountable and has a majority of the governing body. Regional Analysis and Planning Services, Inc. (RAPS) is included as a blended component unit in these financial statements.

The government-wide financial statements include all the governmental activities of AMBAG. The governmental activities of AMBAG include the General Fund and the RAPS, Inc. Fund. The government-wide statements distinguish between the activities of AMBAG that are principally supported by grants or contracts and the General Fund activities, which are intended to be covered primarily by dues paid by AMBAG's members. Changes in net position are a result of the financial activities of the General Fund, not from the grant funds, which operate on a cost reimbursement basis.

There are two basic government-wide financial statements: the Statement of Net Position and the Statement of Activities. The Statement of Net Position presents information on all of AMBAG's assets and liabilities, with the difference between the two reported as net position. The Statement of Net Position presents the same information as a balance sheet: It assesses the balance of a government's assets, the resources it can use to provide services and operate the government against its liabilities and obligations to turn over resources to other organizations or individuals. The name of the statement reflects its emphasis on what a government would have left over after satisfying its liabilities. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of AMBAG is improving or deteriorating. The Statement of Net Position combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations.

The Statement of Activities presents information showing how AMBAG's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., accounts receivable). The Statement of Activities accomplishes the tasks of more recognizable income statements—revenues, expenses, and other changes in net position are presented, allowing the reader to see how AMBAG's net position changed during the year. The arrangement of the Statement of Activities also provides detail that focuses on how a government finances its services. The statement compares the costs (expenses) of a government's functions and programs with the resources those functions or programs generate themselves (program revenues). To the degree that functions or programs cost more than they raise, the statement shows how the government chose to finance the difference (principally general revenues).

The government-wide financial statements can be found in the Basic Financial Statements section of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide detailed information about the most significant funds, not AMBAG as a whole. AMBAG, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of AMBAG's funds are governmental fund types. Fund financial statements report essentially the same functions as those reported in the government-wide financial statements. However, unlike the government-wide financial statements, fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

AMBAG's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of AMBAG's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance AMBAG's projects. Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and government-wide statements. Information is presented separately in the balance sheet and the statement of revenues, expenditures, and changes in fund balances for the General Fund and the RAPS, Inc. Fund, both of which are considered to be major funds.

AMBAG adopts annual budgets for all funds. However, a comparison of budget-to-actual is required only for certain governmental funds (major funds) and these are presented in the required supplementary section of this report. The fund financial statements can be found in the basic financial statements section of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are located in the basic financial statements section of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning AMBAG's progress in funding its obligation to provide pension and OPEB benefits to its employees.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table shows AMBAG's condensed government-wide statement of net position for the last two fiscal years.

STATEMENT OF NET POSITION FOR THE YEARS ENDED JUNE 30, 2023 AND 2022				
	2023 Governmental Activities	2022 Governmental Activities	Increase (Decrease)	
ASSETS				
Current assets	\$ 4,425,401	\$ 3,241,901	\$ 1,183,500	
Capital assets - net	82,799	116,333	(33,534)	
TOTAL ASSETS	\$ 4,508,200	\$ 3,358,234	\$ 1,149,966	
DEFERRED OUTFLOWS OF RESOURCES				
	1,490,705	744,331	746,374	
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 5,998,905	\$ 4,102,565	\$ 1,896,340	
LIABILITIES				
Current liabilities	\$ 2,838,735	\$ 1,713,274	\$ 1,125,461	
Long-term liabilities	2,740,421	1,230,348	1,510,073	
TOTAL LIABILITIES	\$ 5,579,156	\$ 2,943,622	\$ 2,635,534	
DEFERRED INFLOWS OF RESOURCES				
	309,457	1,225,780	(916,323)	
TOTAL LIABILITIES AND DEFERRED INFLOWS	\$ 5,888,613	\$ 4,169,402	\$ 1,719,211	
NET POSITION				
Investment in capital assets	\$ 82,799	\$ 116,333	\$ (33,534)	
Restricted – OPEB asset	32,374		32,374	
Unrestricted (deficit)	(4,881)	(183,170)	178,289	
TOTAL NET POSITION (DEFICIT)	\$ 110,292	\$ (66,838)	\$ 177,130	
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 5,998,905	\$ 4,102,565	\$ (1,896,340)	

AMBAG experienced a material change in current assets and current liabilities in FY 2022-2023 over the prior year. The change resulted from \$1,006,687 in Regional Early Action Program 2.0 advance funds that AMBAG received in March 2023. The funds were recorded as unearned revenue and a corresponding liability. The funds will be earned over the three year period of the program.

At the end of the current fiscal year, AMBAG reported a positive net position for the government as a whole as a result of AMBAG’s pension obligations.

GOVERNMENTAL ACTIVITIES

During the current fiscal year, net position for governmental activities increased. The significant increases in charges for services and for transportation expenses resulted from the acquisition and implementation of two REAP grants. The following table shows AMBAG’s condensed government-wide statement of activities for the last two fiscal years.

STATEMENT OF ACTIVITIES FOR THE YEARS ENDED JUNE 30, 2023 AND 2022			
	2023 Governmental Activities	2022 Governmental Activities	Increase (Decrease)
REVENUES			
Charges for services	\$ 4,179,244	\$ 2,770,104	\$ 1,409,140
Operating grants and contributions	2,595,813	2,444,311	151,502
Investment income	6,489	165	6,324
Total Revenues	\$ 6,781,546	\$ 5,214,580	\$ 1,566,966
EXPENSES			
Transportation	\$ 6,604,416	\$ 4,761,014	\$ 1,843,402
Total Expenses	\$ 6,604,416	\$ 4,761,014	\$ 1,843,402
CHANGE IN NET POSITION	177,130	453,566	(276,436)
NET POSITION, BEGINNING OF YEAR	(66,838)	(520,403)	453,566
NET POSITION, END OF YEAR	\$ 110,292	\$ (66,838)	\$177,130

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

AMBAG uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

On June 30, 2023, AMBAG’S governmental funds reported combined fund balances of \$1,554,292, an increase of \$289,617 in comparison with the prior year. Approximately 100

percent of this amount constitutes unassigned fund balance, which is available for spending at the government's discretion.

The general fund is the chief operating fund of AMBAG. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,510,541. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned and total fund balances represent approximately 23.6 percent of total general fund expenditure.

During the current fiscal year, AMBAG'S general fund balance increased by \$280,536. The increase was due to various factors, such as sharing resources, an increase in billing rates, a reduction in operating expenditures as a result of cost cutting efforts and utilizing toll credits to meet non-federal local match grant requirements.

The RAPS, Inc. Fund had a \$9,081 increase in its fund balance during the current fiscal year, which is attributed to an increase in technical services.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year ending June 30, 2023, there were three amendments to the Overall Work Programs (OWP) and Budget. The amendments were to reallocate revenue and expenditures among work elements, incorporate AMBAG's Indirect Cost Allocation Plan (ICAP) Rate and add grant funding to develop an Integrated Land Use Model and Development of a Monitoring Framework Tool.

Actual revenue was \$9,605,159 less than anticipated. AMBAG is designated as the fiscal administrator for the Regional Early Action Program. In that role, AMBAG administers funds dedicated to housing planning in the Central Coast. The associated funds are programmed and committed in AMBAG's budget although the work will continued through March 2026 and revenue will be earned over the life of the program.

AMBAG continually works to identify and implement more changes for various programs and activities, such as the increased billing rates where applicable. This effort has been moderately successful in increasing the proportion of total revenues of governmental funds that results from these charges. A review of actual expenditures compared to the final budget yields no significant variances with the exceptions of salaries, fringe benefits, and professional services. Actual expenditures for the above mentioned categories did not exceed the related final budget amounts. The variance between actual and budget for these expenditures is mainly due to delay in project work because of the timing of grant award and the approval to expend funding.

The following table provides a budget to actual comparison for the General fund:

ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

		Budgeted Amounts		Actual	Variance With Final
		Original	Final	Amounts	Amounts
REVENUES					
	Income from federal sources	\$ 117,500	\$ 117,500	\$ 2,219,230	\$ 2,101,730
	Income from state sources	16,390,363	15,522,360	3,893,747	(11,628,613)
	Income from local sources	403,368	411,457	318,259	(93,198)
	Non-federal local match	229,122	236,554	251,476	14,922
	TOTAL REVENUES	\$ 17,140,353	\$ 16,287,871	\$ 6,682,712	\$ (9,605,159)
EXPENDITURES					
	Salaries and fringe benefits	\$ 3,315,378	\$ 3,341,706	\$ 2,407,156	\$ 934,550
	Professional services	15,958,393	14,950,776	3,408,354	11,542,422
	Equipment and space rentals	80,000	82,500	80,532	1,968
	Communications	24,800	27,800	30,393	(2,593)
	Supplies	130,400	135,900	54,306	81,594
	Printing and reproduction	8,700	10,700	836	9,864
	Transportation	67,700	70,700	31,847	38,853
	Other costs	143,180	145,180	137,275	7,905
	Non-federal local match	229,122	236,554	251,477	(14,923)
	Capital outlay				
	TOTAL EXPENDITURES	\$ 19,957,673	\$ 19,001,816	\$ 6,402,176	\$ 12,599,640
NET CHANGE IN FUND BALANCES		(2,817,320)	(2,713,945)	280,536	2,994,481
FUND BALANCE, BEGINNING OF YEAR		1,230,005	1,230,005	1,230,005	n/a
FUND BALANCE, END OF YEAR		\$ (1,587,315)	\$ (1,483,940)	\$ 1,510,541	\$ 2,994,481

CAPITAL ASSETS

Investment in capital assets for its governmental activities as of June 30, 2023, amounts to \$82,799 (net of accumulated depreciation). This investment in capital assets includes equipment, vehicles, and software.

See notes 1 and 5 for additional information.

		Balance July 1, 2022	Additions	Disposals	Balance June 30, 2023
	Equipment, vehicles, and software	\$ 319,090		n/a	\$ 319,090
	Less accumulated Depreciation	202,757	33,534	n/a	236,291
	Total Capital assets - net	\$ 116,333	\$ 333,534	n/a	\$ 82,799

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

An ongoing challenge for AMBAG over the last several years has been the loss of revenues from the close out of certain multi-year discretionary grants and finding new revenues to replace them. To address this issue, AMBAG has focused on cost-containment measures and the development of additional sources of revenue, including grants and technical services contracts. In addition, AMBAG staff has also continued their efforts with state, federal and local agencies in pursuing revenue streams.

While many of the revenues AMBAG receives are based on formula planning funds or discretionary grant awards, the requirement to match those funds with non-federal dollars can be a challenge. The primary sources of those matching dollars are toll credits or AMBAG member dues.

Accounting for pensions under GASB Statement No. 68 will have a significant impact on AMBAG's financial reporting and disclosures in the upcoming years. The impact could adversely affect AMBAG's ability to pursue lines of credit. AMBAG is proactively staying apprised of the requirements under GASB No. 68 and will continue to educate the AMBAG Board on the financial implications.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. This Statement replaces the requirements of Statements No. 45 and No. 57 related to post-employment benefits other than pensions. Statement No. 75 establishes new accounting and financial reporting requirements for OPEB plans. The requirements of this statement will improve the usefulness of information in employer and governmental non-employer contributing entity financial reports and will enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. The provisions in this Statement are effective for fiscal years beginning after June 15, 2017. Implementation of Statement No. 75 in FY 2017-2018 resulted in the recognition of a net OPEB asset.

The economic outlook for the upcoming year will also depend on economic growth in the region and potential economic impacts arising from the Covid-19 Pandemic. A more immediate issue is the Highway Trust Fund and its constrained resources to support transportation projects and planning efforts. On November 15, 2021, President Biden signed into law the \$1.2 billion Infrastructure Investment and Jobs Act which will provide much needed funding for infrastructure projects. AMBAG staff is aggressively monitoring the Act's implementation to best position the AMBAG region to take advantage of the enhanced funding. AMBAG staff also continues to actively seek alternative funding sources.

The AMBAG Board of Directors adopted the Overall Work Program (OWP) and Budget, as amended, of \$16,287,871 to fund planning projects in fiscal year 2022-2023. A significant portion of the \$16,287,871 consisted of funding from the Regional Early Action Program, rollover grant funding and newly acquired grants.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of AMBAG's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to AMBAG's Finance Office via email at: info@ambag.org or by calling (831) 883-3750. Written correspondence should be addressed to the Finance Office c/o AMBAG, 24580 Silver Cloud Court, Monterey, CA 93940.

BASIC FINANCIAL STATEMENTS

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
STATEMENT OF NET POSITION
JUNE 30, 2023**

ASSETS

Cash and Cash Equivalents	\$ 3,528,015
Accounts Receivable - Net	854,740
Net OPEB Asset	32,374
Capital Assets Being Depreciated - Net	82,799
Prepaid Expenses	10,272
Total Assets	4,508,200

DEFERRED OUTFLOWS OF RESOURCES

Deferred Pension	1,258,404
Deferred OPEB	232,301
Total Deferred Outflows of Resources	1,490,705

Total Assets and Deferred Outflows of Resources \$ 5,998,905

LIABILITIES

Accounts Payable	\$ 1,085,134
Unearned Revenue	1,753,601
Long-Term Liabilities:	
Due within One Year	96,717
Due in More than One Year	2,643,704
Total Liabilities	5,579,156

DEFERRED INFLOWS OF RESOURCES

Deferred Pension	203,343
Deferred OPEB	106,114
Total Deferred Inflows of Resources	309,457

Total Liabilities and Deferred Inflows of Resources 5,888,613

NET POSITION

Investment in Capital Assets	82,799
Restricted - OPEB Asset	32,374
Unrestricted (Deficit)	(4,881)
Total Net Position	110,292

Total Liabilities, Deferred Inflows of Resources and Net Position \$ 5,998,905

See accompanying Notes to Basic Financial Statements.

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES				
Transportation	\$ 6,604,416	\$ 4,179,244	\$ 2,595,813	\$ 170,641
Total Governmental Activities	<u>\$ 6,604,416</u>	<u>\$ 4,179,244</u>	<u>\$ 2,595,813</u>	170,641
GENERAL REVENUE				
				6,489
				<u>6,489</u>
CHANGE IN NET POSITION				
				177,130
				<u>(66,838)</u>
				<u>\$ 110,292</u>

See accompanying Notes to Basic Financial Statements.

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General	Regional Analysis and Planning Services, Inc.	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 3,485,674	\$ 42,341	\$ 3,528,015
Accounts Receivable - Net	822,220	32,520	854,740
Interfund Receivable	20,487	-	20,487
Prepaid Expenditures	10,272	-	10,272
	<u>\$ 4,338,653</u>	<u>\$ 74,861</u>	<u>\$ 4,413,514</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 1,074,413	\$ 10,623	\$ 1,085,036
Interfund Payable	-	20,487	20,487
Employee Benefits Payable	98	-	98
Unearned Revenue	1,753,601	-	1,753,601
Total Liabilities	<u>2,828,112</u>	<u>31,110</u>	<u>2,859,222</u>
FUND BALANCES			
Assigned	-	43,751	43,751
Unassigned	1,510,541	-	1,510,541
Total Fund Balances	<u>1,510,541</u>	<u>43,751</u>	<u>1,554,292</u>
Total Liabilities and Fund Balances	<u>\$ 4,338,653</u>	<u>\$ 74,861</u>	<u>\$ 4,413,514</u>

See accompanying Notes to Basic Financial Statements.

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS \$ 1,554,292

Amounts reported in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Governmental Capital Assets	319,090
Less: Accumulated Depreciation	(236,291)

Amounts paid to the trust for other postemployment benefits in excess of the required contributions, the net OPEB asset, are not financial resources and therefore are not reported in the funds.

32,374

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated Absences	(166,213)
Net Pension Liability	(2,574,208)

Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and therefore, are not reported in the funds:

Deferred Outflows	1,490,705
Deferred Inflows	(309,457)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 110,292

See accompanying Notes to Basic Financial Statements.

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

	General	Regional Analysis and Planning Services, Inc.	Total Governmental Funds
REVENUES			
Income from Federal Sources	\$ 2,219,230	\$ -	\$ 2,219,230
Income from State Sources	3,893,747	-	3,893,747
Income from Local Sources	318,259	98,834	417,093
Non-Federal Local Match	251,476	-	251,476
Total Revenues	<u>6,682,712</u>	<u>98,834</u>	<u>6,781,546</u>
EXPENDITURES			
Salaries	1,531,005	-	1,531,005
Fringe Benefits	876,151	-	876,151
Professional Services	3,408,354	87,437	3,495,791
Equipment and Space Rentals	80,532	-	80,532
Communications	30,393	-	30,393
Supplies	54,306	-	54,306
Printing and Reproduction	836	-	836
Transportation	31,847	-	31,847
Other Costs	137,275	2,316	139,591
Non-Federal Local Match	251,477	-	251,477
Total Expenditures	<u>6,402,176</u>	<u>89,753</u>	<u>6,491,929</u>
NET CHANGE IN FUND BALANCES	280,536	9,081	289,617
Fund Balances - Beginning of Year	<u>1,230,005</u>	<u>34,670</u>	<u>1,264,675</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 1,510,541</u></u>	<u><u>\$ 43,751</u></u>	<u><u>\$ 1,554,292</u></u>

See accompanying Notes to Basic Financial Statements.

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

NET CHANGE IN FUND BALANCES \$ 289,617

Amounts reported in the Statement of Activities are different because:

Governmental funds report capital outlay 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 capital outlay exceeded depreciation in the current period:

Current Year Depreciation (33,534)

Compensated absences reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

(18,173)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Current Year Pension Cost Difference (58,567)

Current Year OPEB Cost Difference (2,213)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 177,130

See accompanying Notes to Basic Financial Statements.

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Association of Monterey Bay Area Governments (AMBAG) is a voluntary association of eighteen cities and Monterey, Santa Cruz, and San Benito Counties, with 5,159 square miles and a population of over 770,000. AMBAG was formed in 1968 as a Council of Governments (COG), by a Joint Powers Agreement (JPA). In 1975 AMBAG was designated as the Metropolitan Planning Organization (MPO) for the tri-county region. AMBAG was created as a forum for planning, discussion and study of regional issues of mutual interest and concern in California's Monterey Bay Area Region, and for the preparation of studies, plans, policy and action recommendations. Among its many duties, AMBAG manages the region's transportation demand model and prepares regional housing, population, and employment forecasts that are utilized in a variety of regional plans.

AMBAG is a legally independent entity and is governed by a twenty-four member board of directors, the members of which are appointed by each of its member agencies. AMBAG's principal sources of revenue to fund its governmental operations include federal, state and local grants from the Federal Highway Administration (FHWA), Federal Transit Administration (FTA), the California Department of Transportation (Caltrans) and other agency grants. Member agency dues provide approximately five percent of total revenue, and no one agency accounts for more than twenty percent of the dues. No other entity has oversight responsibility for AMBAG and its financial statements are not a part of any other reporting entity.

Component Units

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Government Accounting Standards Board Statements No. 14 and 39 have been considered and there are no agencies or entities which should be presented with AMBAG as component units except those noted below.

Blended Component Unit

Regional Analysis and Planning Services, Inc. (RAPS) is a non-profit organization that sponsors conferences and community forums and provides technical assistance in planning activities on issues affecting the Monterey Bay region to public entities who request it. AMBAG selects the board of directors for RAPS, with the majority of members coming from the AMBAG board, AMBAG personnel are involved with the management of RAPS operations and a financial benefit/burden relationship exists between AMBAG and RAPS.. The financial statements of RAPS have been blended with those of AMBAG's. RAPS did not issue separate financial statements for the year ended June 30, 2023.

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Policies

The accounting policies of AMBAG conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants.

Government-Wide and Fund Financial Statements

The basic financial statements include both 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 activities of AMBAG. The effect of all significant interfund activity has been removed from the government-wide statements.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of AMBAG'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. AMBAG allocates 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, 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 AMBAG.

Fund financial statements report detailed information about AMBAG. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and any nonmajor funds are combined into one column. AMBAG has no nonmajor funds.

The government-wide focus is more on the sustainability of AMBAG as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

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

Basis of accounting refers to when revenues and expenses/expenditures are recognized in the accounts and reported in the financial statements. The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues, except for certain grant revenues, are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, AMBAG considers revenues to be available if they are collected within 90 days of year end, with the following exception, revenue received from government contracts. These revenues are considered available if collected within one year of the current fiscal period.

Grant revenues are recognized in the fiscal year in which all grant requirements are satisfied. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recognized only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

Revenue from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the modified accrual basis when the exchange takes place.

AMBAG utilizes governmental funds to record its financial operating activities.

The following is a description of the Governmental funds used by AMBAG:

- The General Fund is the general operating fund of AMBAG. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.
- The RAPS Fund is the operating fund of Regional Analysis and Planning Services, Inc. All Regional Analysis and Planning Services, Inc.'s financial resources, except those required to be accounted for in another fund, are accounted for in the RAPS Fund. This includes revenue to provide administrative and technical services to Pajaro River Watershed Flood Prevention Authority.

Cash and Cash Equivalents

Balances in cash and cash equivalents consist of bank accounts insured by the Federal Deposit Insurance Corporation (FDIC), Securities Investment Protection Corporation (SIPC) or are collateralized by the pledging institution under the California Government Code and unsecured and uncollateralized deposits in the California State Treasurer's Investment Pool, known as the Local Agency Investment Fund. AMBAG considers all highly liquid assets which have an original term of less than ninety days to maturity as cash equivalents.

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Payables

Accounts receivable primarily represent funds to be received from other local governments, state grant-in-aid, state contracts or federal funds. Estimated uncollectible accounts are based upon historical experience rates.

During the course of operations, transactions occur between individual funds that result in amounts owed between funds, which are classified as “due to/from other funds.” Eliminations have been made on the government-wide statements for amounts due to/from within governmental funds.

Subrecipient payables represent funds due to agencies for work performed in adherence to AMBAG’s Overall Work Program and Budget and Continuing Cooperative Agreements.

Capital Assets

Capital assets include property and equipment which is reported in the applicable governmental columns in the government-wide financial statements. All capital assets are carried at historical cost, if purchased or constructed. Contributed capital assets are valued at their acquisition value at the date of the contribution. Capital assets have an initial cost of more than \$5,000 and estimated useful life in excess of one year.

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

Equipment and vehicles	5 to 7 Years
Software	5 Years

Fair Value

AMBAG 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.

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.

AMBAG currently does not have any investments that are subject to fair value measurement.

Unearned Revenue

Unearned revenues arise when contract monies are received prior to incurring qualified expenses. In subsequent periods, when revenue recognition criteria are met, revenue is recognized.

ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned Revenue (Continued)

AMBAG is the recipient of grants that require expenditures for specified activities before the organization is reimbursed by the grantor for those costs incurred. Documentation showing actual costs expended is included when submitting a monthly report for reimbursement. Certain grantors pay in advance of incurring the specified costs; in those cases, the amount is reported as unearned revenue.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflow of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Compensated Absences

Accrued vacation hours in excess of 240 hours for an employee must be used by January 1 each year. Payment for accrued vacation on termination is made up to a maximum of 240 hours. Administrative leave is accrued annually for the Executive Director and any unused portion is paid out in full by December 31 each year. Vacation time and administrative leave payable are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

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

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 AMBAG's California Public Employees' Retirement System (CalPERS) Plans and additions to/deductions from the Plans' 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.

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Postemployment Benefits (OPEB)

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

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

Net Position

The statement of net position presents AMBAG's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

- *Investment in capital assets* consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets.
- *Restricted* presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* represents net position not restricted for any project or other purpose.

Fund Balances

In the Fund financial statements, fund balance consists of non-spendable fund balance which includes amounts that cannot be spent because they are not in spendable form, or they are legally or contractually required to be maintained intact. Restricted fund balances are amounts restricted to specific purposes. Committed fund balances are amounts that can only be used for specific purposes as pursuant to official action by the Board prior to the end of the reporting period (passage of resolution). Assigned fund balances are amounts the Board intends to use for a specific purpose but is neither restricted nor committed. The Executive Director has authority to assign fund balance by the approval of contracts up to \$15,000. Unassigned fund balance represents fund balance that has not been assigned to other funds and has not been restricted, committed or assigned to specific purposes within the general fund. When restricted and other fund balance resources are available for use, it is AMBAG's policy to use restricted resources first, followed by committed, assigned and unassigned amounts, respectively.

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

The Association adopted the requirement of the guidance effective July 1, 2022, and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this statement had no impact on the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 CASH AND CASH EQUIVALENTS

AMBAG's policies relating to deposits and investments are governed by various State statutes. Those statutes specify the type of deposits and investments as well as the methods of securing those deposits and investments.

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. AMBAG has no formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates beyond those specified in the statutes.

Credit Risk

AMBAG's practice is to place idle funds in Federal Deposit Insurance Corporation (FDIC) accounts in banks for savings and loan associations or the California State Treasurer's Local Agency Investment Fund (LAIF). The LAIF is not rated. The LAIF is managed by the Pool Investment Board.

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Custodial Credit Risk

The 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 deposits or will not be able to recover collateral securities that are in possession of an outside party. This risk is mitigated in that AMBAG's total bank balance, \$250,000 is insured by the Federal Depository Insurance Corporation. The remaining amount on deposit is collateralized with securities held by the pledging financial institution's agent. Per Government Code Section 53652, the depository is required to maintain a market value of at least 110% of the pledged collateral. At June 30, 2023, the carrying amount of AMBAG's deposits was \$3,524,232 and the corresponding bank balance was \$3,634,007. The difference of \$109,775 was principally due to outstanding checks.

Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. AMBAG manages this risk by placing funds with financial institutions that are FDIC insured and by the fact that the monies in the State of California Local Agency Investment Fund are diverse according to the policies of the investment pool.

Cash Equivalents

AMBAG is a voluntary participant in the Local District Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the state of California. The fair value of AMBAG's investment in this pool is reported in the accompanying financial statements at amounts based upon AMBAG's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. At June 30, 2023, AMBAG's investment in LAIF was \$3,783.

NOTE 3 ACCOUNTS RECEIVABLE – NET

Receivables at June 30, 2023 for AMBAG's individual major funds, including applicable allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>RAPS</u>	<u>Total</u>
Trade Receivables	<u>\$ 822,220</u>	<u>\$ 32,520</u>	<u>\$ 854,740</u>
Gross Receivables	822,220	32,520	854,740
Less: Allowances for Uncollectible Accounts	-	-	-
Accounts Receivable - Net	<u><u>\$ 822,220</u></u>	<u><u>\$ 32,520</u></u>	<u><u>\$ 854,740</u></u>

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4 INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2023, interfund receivables and payables consist of:

	Receivable	Payable
General	\$ 20,487	\$ -
RAPS	-	20,487
Total	\$ 20,487	\$ 20,487

Interfund payables and receivables arise primarily from the General Fund providing consultant services to RAPS.

NOTE 5 CAPITAL ASSETS – NET

Capital assets activity for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Additions	Disposals	Balance June 30, 2023
Equipment, Vehicles, and Software	\$ 319,090	\$ -	\$ -	\$ 319,090
Less: Accumulated Depreciation	202,757	33,534	-	236,291
Total Capital Assets - Net	\$ 116,333	\$ 33,534	\$ -	\$ 82,799

NOTE 6 LINE OF CREDIT

AMBAG has available a line of credit with a bank for \$100,000. The line of credit expires February 2024. Borrowings under the line of credit bear interest at the Wall Street Journal Prime rate, plus a margin of 2%, but is subject to an interest rate floor of 10%. The interest rate at June 30, 2023 was 10.25%. The line of credit is secured by Uniform Commercial Code (UCC) collateral. There were no draws on the line of credit during the 2023 fiscal year and the outstanding balance at June 30, 2023 was \$0.

NOTE 7 LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2023 was as follows:

	Balance June 30, 2022	Additions	Disposals	Balance June 30, 2023	Due Within One Year
Compensated Absences	\$ 148,036	\$ 116,963	\$ (98,786)	\$ 166,213	\$ 96,717
Net Pension Liability	1,082,313	2,678,645	(1,186,750)	2,574,208	-
Total	\$ 1,230,349	\$ 2,795,608	\$ (1,285,536)	\$ 2,740,421	\$ 96,717

For governmental activities, compensated absences and other postemployment benefits are generally liquidated by the general fund.

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 8 JOINT POWERS AGREEMENT

AMBAG participates in one joint venture under a Joint Powers Agreement (JPA) with the Special District Risk Management Authority (SDRMA). The relationship between AMBAG and the JPA is such that the JPA is not a component unit of AMBAG for financial reporting purposes.

SDRMA was formed under a JPA pursuant to California Government Code Section 6500 et seq. effective August 1, 1986 to provide general liability, comprehensive/collision liability and property damage, and errors and omissions risk financing for the member districts. SDRMA is administered by a Board of Directors, consisting of one member appointed by the California Special Districts Association and five members elected by the districts participating. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium to commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPA.

SDRMA did not have long-term debt outstanding at June 30, 2023, other than claims liabilities and lease obligations. AMBAG's share of year-end assets, liabilities and risk margin has not been calculated by SDRMA.

NOTE 9 PENSION PLAN

General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in AMBAG's Miscellaneous Employee Pension Plan, cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 PENSION PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to ten months of full-time employment for one year's credit. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Public Employees' Pension Reform Act 2013 (PEPRA) Miscellaneous members become eligible for Service Retirement upon attainment of age 52 with at least 5 years of service with statutorily reduced benefits. All members are eligible for non-duty 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 the plan are applied as specified by the Public Employees' Retirement Law.

The Plan provisions and benefits in effect at June 30, 2023, is summarized as follows:

<u>Hire Date</u>	<u>PERS Classic Miscellaneous On or Before December 31, 2012</u>	<u>PEPRA Miscellaneous On or After January 1, 2013</u>
Benefit Formula	2% @ 55	2% @ 62
Benefit Vesting Schedule	5 Years Service	5 Years Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50 - 55	52 - 67
Monthly Benefits, as a % of Eligible Compensation	2.0% to 4.18 %	1.0% to 2.5%
Required Employee Contribution Rates	7.00%	7.25%
Required Employer Contribution Rates	11.65%	7.65%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on 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. AMBAG is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 PENSION PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

Contributions (Continued)

For the year ended June 30, 2023, the contributions recognized as part of pension expense for the Plan were as follows:

	Miscellaneous
Contributions	\$ 383,311

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

As of June 30, 2023, AMBAG reported its proportionate share of the net pension liability as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 2,574,208

AMBAG's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard updated procedures. AMBAG's proportion of the net pension liability was based on a projection of AMBAG's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. AMBAG's proportionate share of the net pension liability as of June 30, 2021 and 2022 was as follows:

	Miscellaneous
Proportion - June 30, 2021	0.057000 %
Proportion - June 30, 2022	0.055014 %
Change - Increase (Decrease)	(0.001986)%

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 PENSION PLAN (CONTINUED)

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

For the year ended June 30, 2023, AMBAG recognized pension expense of \$441,877. At June 30, 2023, AMBAG reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 383,311	\$ -
Differences Between Actual and Expected Experience	51,697	34,623
Changes in Assumptions	263,781	-
Adjustment Due to Differences in Proportions	88,090	87,381
Change in Employer's Proportion and Differences Between the Employer's Contributions and the Employer's Proportionate Share of Contributions	-	81,339
Net Differences Between Projected and Actual Earnings on Plan Investments	471,525	-
Total	\$ 1,258,404	\$ 203,343

Deferred outflows of resources in the amount of \$383,311 were reported related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of June 30 as follows:

Year Ending June 30,	Amount
2024	\$ 180,052
2025	145,048
2026	58,249
2027	288,401

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 PENSION PLAN (CONTINUED)

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

Actuarial Assumptions

The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increases	Varies by entry age and service
Investment Rate of Return (1)	7.0%
Mortality Rate Table	Derived using CalPERS' membership data for all funds

(1) Net of pension plan investment and administrative expenses, including inflation.

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% scale MP 2016. For more details on this table, please refer to the December 2017 experience study report located on the CalPERS website.

All other actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be found on CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent for the Plan a decrease from the prior year discount rate of 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS performed crossover testing of the plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.90 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 6.90 percent is applied to all plans in the Public Employees Retirement Fund (PERF). The crossover test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 PENSION PLAN (CONTINUED)

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

Discount Rate (Continued)

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 of 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. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was 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 long-term 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 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:

Asset Class:	Asset Real Return Allocation	Years 10 (1, 2)
Global Equity - cap-weighted	30%	4.45%
Global equity - non-cap weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assents	15%	3.21%
Leverage	-5%	-0.59%
Total	100%	

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021-2022 Asset Liability Management study.

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 PENSION PLAN (CONTINUED)

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 the Discount Rate

The following presents AMBAG's proportionate share of the net pension liability, calculated using the discount rate, as well as what AMBAG's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>
1% Decrease	5.90%
Net Pension Liability	\$ 4,035,043
Current Discount Rate	6.90%
Net Pension Liability	\$ 2,574,208
1% Increase	7.90%
Net Pension Liability (Asset)	\$ 1,372,304

Pension Plan Fiduciary Net Position

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

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description and Eligibility

AMBAG provides post-retirement health insurance coverage, in accordance with the Public Employees' Medical and Hospital Care Act (PEMHCA), Chapter One, Article 8 of the California Public Employees Retirement Law, to employees who retire under the Public Employee's Retirement System on or after attaining the age of 50 with 5 years of State or public agency service or approved disability retirement. Employees receive 100 percent of their health premiums up to the maximum amount of the Single Party Basic/Medicare Rate of the plan enrolled per month.

AMBAG participates in the California Employer's Retiree Benefit Trust (CERBT) Fund, which is administered by CalPERS. CERBT is a tax-qualified irrevocable trust organized under Internal Revenue Code Section 115 and established to prefund retiree healthcare benefits. CERBT, an agent multiple-employer trust, issues a publicly available financial report including GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, disclosure information in aggregate with other CERBT participating employers. That report can be obtained from the CalPERS website at www.calpers.ca.gov. The plan provides health benefits to all retired employees.

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Funding Policy

The contribution rate is determined on an annual basis by an independent actuary and is authorized by the AMBAG Board of Directors. The contribution rate is based on the Actuarially Determined Contribution (ADC), an amount that is actuarially determined. The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (for funding excess) over a period not to exceed 30 years. The ADC for the fiscal year ended June 30, 2022 was 3.17 percent of annual covered payroll. The specific calculation of the ADC and annual OPEB expense for an employer depends on how the employer elects to fund these benefits. AMBAG prefunds its OPEB liability by consistently making contributions greater than or equal to the ADC. Therefore, liabilities are developed using a discount rate of 6.20 percent.

Employees Covered

As of the June 30, 2022 actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

Active Employees	12
Inactive Employees or Beneficiaries Currently	
Benefits	2
Total	14

Contributions

The obligations of the Plan members and AMBAG are established by action of AMBAG’s Board of Directors pursuant to the passing of a resolution. The annual contribution is based on the actuarially determined contribution, which is paid to the California Employer’s Retiree Benefit Trust Program (CERBT). Cash subsidy and implied subsidy benefit payments and PEMCHA administrative fees are currently paid with AMBAG assets on a prefunded basis and are not reimbursed by CERBT. For the fiscal year ended June 30, 2023, AMBAG’s prefunded payments were \$9,624 and the estimated implied subsidy was \$3,461 resulting in total payments of \$13,085 and contributions to CERBT were \$21,939 for a total contribution of \$35,024.

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Net OPEB AMBAG Liability (Asset)

AMBAG's net OPEB liability (asset) was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation dated June 30, 2021, rolled forward to the measurement date of June 30, 2022, based on the following actuarial methods and assumptions:

Actuarial Assumptions:

Discount Rate	6.2%
Inflation	2.5%
Salary Increases	3.0% annually
Investment Rate of Return	6.2%
Mortality Rate (1)	Derived using CalPERS' Membership Data for all funds
Pre-Retirement Turnover(1)	Derived using CalPERS' Membership Data for all funds
Healthcare Trend Rate	5.7% decreasing to 4.0%

Notes:

- (1) Information was derived from data collected during 1997 to 2015 CalPERS Experience Study dated December 2017 and post-retirement mortality information was derived from CalPERS rates, adjusted to back out 15 years of Scale MP 2016 to central year 2015 then projected. The Experience Study Reports may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class:	Target Allocation	Long-Term Expected Real Rate of Return (Years 1-5)	Long-Term Expected Real Rate of Return (Years 6-20)
Global Equity	49%	4.40%	4.50%
Fixed Income	23%	-1.00%	2.20%
TIPS	20%	3.00%	3.90%
REITs	5%	-1.80%	1.30%
Commodities	3%	0.80%	1.20%
Total	<u>100%</u>		

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Discount Rate

The discount rate used to measure the total OPEB liability was 6.20% a decrease from the prior year discount rate of 6.75%. The projection of cash flows used to determine the discount rate assumed that AMBAG contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability/ (Asset)

The changes in the net OPEB liability (asset) for the Plan are as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2021	\$ 662,698	\$ 926,652	\$ (263,954)
Changes Recognized for Measurement Period:			
Service Cost	44,076		44,076
Interest	46,841		46,841
Difference Between Expected and Actual	-		
Experience			-
Expected Investment Income			-
Investment Experience		(125,329)	125,329
Contributions - Employer		45,904	(45,904)
Changes in Assumptions	61,002		61,002
Benefit Payments	(25,680)	(25,680)	-
Administrative Expense		(236)	236
Net Changes	<u>126,239</u>	<u>(105,341)</u>	<u>231,580</u>
Balance at June 30, 2022	<u>\$ 788,937</u>	<u>\$ 821,311</u>	<u>\$ (32,374)</u>

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the net OPEB liability (asset) of AMBAG if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30,2022:

	1% Decrease (5.20%)	Current Discount Rate (6.20%)	1% Increase (7.20%)
Net OPEB Liability (Asset)	\$ 97,655	\$ (32,374)	\$ (138,540)

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability (asset) of AMBAG if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Cost Trend Rates	1% Increase
Net OPEB Liability (Asset)	\$ (158,673)	\$ (32,374)	\$ 126,983

OPEB Plan Fiduciary Net Position

CERBT issues a publicly available financial report that may be obtained from California Employer's Retiree Benefit Trust Program at the CalPERS website.

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss:

Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	5 Years
All Other Amounts	Expected average remaining service Lifetime (EARSL) (3.7 years at June 30, 2022)

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

For the fiscal year ended June 30, 2023, AMBAG recognized OPEB expense of \$37,237. As of fiscal year ended June 30, 2023, AMBAG reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
OPEB Contributions Subsequent to Measurement Date	\$ 35,024	\$ -
Changes of Assumptions	107,806	12,979
Differences Between Expected and Actual Experience	17,636	93,135
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	71,835	-
Total	\$ 232,301	\$ 106,114

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

The \$35,024 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability during the year ending June 30,2024. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as expense as follows:

<u>Year Ended June 30.</u>	<u>Amount</u>
2024	\$ 9,732
2025	8,466
2026	4,201
2027	40,499
2028	6,857
Thereafter	21,408

NOTE 11 DEFERRED COMPENSATION PLANS

AMBAG has two deferred compensation plans for its eligible employees wherein amounts earned by the employees are paid at a future date. These plans meet the requirements of Internal Revenue Code Section 457. All employees are permitted to participate in the plan beginning on the date of hire.

The employee may elect to make tax deferred contributions up to the limits established by the Internal Revenue Service for this type of plan. The employee is 100 percent vested in their contributions from the first date of participation. The plans do not provide for AMBAG contributions. The participant has a choice of investment options.

The plans are administered by International City Management Association Retirement Corporation (ICMA-RC) and CalPERS Voya Financial. The assets of the plans are held in trust, with AMBAG serving as trustee. The plan assets held in the ICMA-RC Retirement Trust and CalPERS are held for the exclusive benefit of the plan participants and their beneficiaries. The assets shall not be diverted to any other purpose. The CalPERS 457 plan permits loans to plan participants.

ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12 RISK FINANCING

AMBAG is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets; errors and omissions; and natural disasters for which AMBAG carries commercial insurance. The commercial insurance carried by AMBAG includes policies for workers' compensation, general liability, errors and omissions and vehicular liability.

There have not been any significant reductions in insurance coverage as compared to the previous year. Settled claims from these risks have not exceeded commercial coverage for the past three years.

NOTE 13 COMMITMENTS

In April 2021, AMBAG entered into a contract with Caliper Corporation for the Regional Travel Demand Model (RTDM) project. The amount of this contract is not to exceed \$250,000. For this contract, \$177,635 was outstanding at June 30, 2023.

In August 2019, AMBAG entered into a contract with Ascent Environmental, Inc. to conduct the Monterey Bay Natural and Working Lands Climate Mitigation and Resiliency Study. The amount of the contract is not to exceed \$242,000. For this contract, \$173,030 was outstanding at June 30, 2023.

In August 2021, AMBAG entered into a contract with The Sohagi Law Group to provide legal assistance in the implementation of the Regional Housing Needs Allocation (RHNA) project. The amount of the contract is not to exceed \$38,000. For this contract, \$3,308 was outstanding at June 30, 2023.

In April 2019, AMBAG entered into a contract with Population Reference Bureau for technical assistance in developing the forecast for AMBAG to update and implement the Metropolitan Transportation Plan (MTP). The amount of the contract is not to exceed \$100,000. For this contract, \$16,140 was outstanding at June 30, 2023.

In February 2022, AMBAG entered into a contract with Manhan Group, LLC to develop the Integrated Land Use Model & Development Monitoring Framework Tool project. The amount of the contract is not to exceed \$480,000. For this contract, \$377,432 was outstanding at June 30, 2023.

In February 2023, AMBAG entered into a contract with Cambridge Systematics, Inc. to update and implement the Metropolitan Transportation Plan (MTP). The amount of the contract is not to exceed \$273,000. For this contract, \$222,853 was outstanding at June 30, 2023.

In April 2023, AMBAG entered into a contract with BI Consulting, LLC to update and implement the Metropolitan Transportation Plan (MTP). The amount of the contract is not to exceed \$30,000. For this contract, \$25,840 was outstanding at June 30, 2023.

ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 13 COMMITMENTS (CONTINUED)

In May 2023, AMBAG entered into a contract with Population Reference Bureau for technical assistance in developing the forecast for AMBAG to update and implement the Metropolitan Transportation Plan (MTP). The amount of the contract is not to exceed \$75,000. For this contract, \$69,333 was outstanding at June 30, 2023.

NOTE 14 CONTINGENCIES

AMBAG receives significant financial assistance from the Federal and State government in the form of agreements and grants. Entitlement to these resources is generally contingent on the availability of Federal and State funds and the passage of the applicable State Budget Act. These funds may be terminated, limited, or otherwise adversely affected by factors which may include, but are not limited to, changes in State or Federal law regarding the encumbrance and reimbursement of the funds provided by each funding source. Entitlement to these resources is also contingent upon compliance with terms and conditions of the contract or grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Failure to fulfill those conditions could result in the return of the funds to the grantor. Although the possibility remains, AMBAG deems the contingency remote and has recognized all agreement services and grants received as income in the year earned.

REQUIRED SUPPLEMENTARY INFORMATION

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (ASSET) AND RELATED RATIOS
FOR THE MEASUREMENT PERIODS ENDED JUNE 30**

Measurement Period	2022	2021	2020	2019	2018	2017
Total OPEB Liability:						
Service Cost	\$ 44,076	\$ 41,025	\$ 39,830	\$ 38,775	\$ 37,555	\$ 51,625
Interest on the Total OPEB Liability	46,841	42,325	38,150	37,280	32,517	34,152
Actual and Expected Experience Difference	-	22,712	-	(85,591)	-	(137,522)
Changes in Assumptions	61,002	(16,713)	-	69,193	-	49,971
Benefit Payments	(25,680)	(25,320)	(9,325)	(5,903)	(5,847)	(7,383)
Net Change in Total OPEB Liability	126,239	64,029	68,655	53,754	64,225	(9,157)
Total OPEB Liability - Beginning	662,698	598,669	530,014	476,260	412,035	421,192
Total OPEB Liability - Ending (a)	788,937	662,698	598,669	530,014	476,260	412,035
Plan Fiduciary Net Position:						
Contribution - Employer	45,904	43,974	49,405	44,610	41,785	62,093
Net Investment Income	(125,329)	196,655	23,760	36,783	39,653	44,706
Benefit Payments	(25,680)	(25,320)	(9,325)	(5,903)	(5,847)	(7,383)
Administrative Expense	(236)	(271)	(324)	(125)	(266)	(226)
Other Expense	-	-	-	-	(659)	-
Net Change in Plan Fiduciary Net Position	(105,341)	215,038	63,516	75,365	74,666	99,190
Plan Fiduciary Net Position - Beginning	926,652	711,614	648,098	572,733	498,067	398,877
Plan Fiduciary Net Position - Ending (b)	821,311	926,652	711,614	648,098	572,733	498,067
Net OPEB Liability (Asset) - Ending (a)-(b)	<u>\$ (32,374)</u>	<u>\$ (263,954)</u>	<u>\$ (112,945)</u>	<u>\$ (118,084)</u>	<u>\$ (96,473)</u>	<u>\$ (86,032)</u>
Plan Fiduciary Net Position as Percentage of the Total OPEB Liability	104.10%	139.83%	118.87%	122.28%	120.26%	120.88%
Covered-Employee Payroll	\$ 1,447,868	\$ 1,336,776	\$ 1,367,160	\$ 1,449,758	\$ 1,368,028	\$ 1,322,768
Net OPEB Liability/(Asset) as a Percentage of Covered-Employee Payroll	-2.24%	-19.75%	-8.26%	-8.15%	-7.05%	-6.50%

Notes to Schedule:

Historical information is required only for measurement periods for which GASB 75 is applicable.
Future years' information will be displayed up to 10 years as information becomes available.

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
SCHEDULE OF CONTRIBUTIONS – OPEB
LAST TEN FISCAL YEARS***

Fiscal Year Ended June 30,	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ 31,563	\$ 30,284	\$ 35,367	\$ 44,351	\$ 42,945	\$ 41,785
Contributions in Relation to the ADC	(35,024)	(45,904)	(43,965)	(49,405)	(44,610)	(41,785)
Contribution Deficiency (Excess)	<u>\$ (3,461)</u>	<u>\$ (15,620)</u>	<u>\$ (8,598)</u>	<u>\$ (5,054)</u>	<u>\$ (1,665)</u>	<u>\$ -</u>
Covered-Employee Payroll	1,509,947	1,447,868	1,336,776	1,367,160	1,449,758	1,368,028
Contributions as a Percentage of Covered-Employee Payroll	2.32%	3.17%	3.29%	3.61%	3.08%	3.05%

Notes to Schedule:

* Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2023 were from the June 30, 2022 actuarial valuations, respectively.

Methods and Assumptions Used to Determine Contributions:

	2022	2021	2020	2019	2018	2017
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.5% annually	2.5% annually	2.5% annually	2.5% annually	2.75% annually	2.75% annually
Payroll Growth	3% annually	3% annually	3.25% annually	3.25% annually	3.25% annually	3.25% annually
Investment Rate of Return	6.75%	6.75%	6.75%	6.75%	6.75%	7.28%
Healthcare Cost-Trend Rates	5.4% decreasing to 4.00%	5.4% decreasing to 4.00%	5.4% decreasing to 4.00%	7.5% decreasing to 5.00%	6.0% decreasing to 5.00%	
Retirement Age	Misc.	Misc.	Misc.	Misc.	Misc.	Misc.
Hired < 1/1/13	7% @ 52	7% @ 52	7% @ 52	7% @ 52	7% @ 52	7% @ 52
Hired > 12/31/12	20% @ 50	20% @ 50	20% @ 50	20% @ 50	20% @ 50	20% @ 50

Mortality
Pre-retirement mortality probability based on December 2017 CalPERS
1997-2015 Experience Study covering CalPERS participants.
Postretirement mortality probability based on CalPERS
rates, adjusted back out 15 years of Scale MP 2015 then projected.

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Amounts
	Original	Final		
REVENUES				
Income from Federal Sources	\$ 117,500	\$ 117,500	\$ 2,219,230	\$ 2,101,730
Income from State Sources	16,390,363	15,522,360	3,893,747	(11,628,613)
Income from Local Sources	403,368	411,457	318,259	(93,198)
Non-Federal Local Match	229,122	236,554	251,476	14,922
Total Revenues	<u>17,140,353</u>	<u>16,287,871</u>	<u>6,682,712</u>	<u>(9,605,159)</u>
EXPENDITURES				
Salaries and Fringe Benefits	3,315,378	3,341,706	2,407,156	934,550
Professional Services	15,958,393	14,950,776	3,408,354	11,542,422
Equipment and Space Rentals	80,000	82,500	80,532	1,968
Communications	24,800	27,800	30,393	(2,593)
Supplies	130,400	135,900	54,306	81,594
Printing and Reproduction	8,700	10,700	836	9,864
Transportation	67,700	70,700	31,847	38,853
Other Costs	143,180	145,180	137,275	7,905
Non-Federal Local Match	229,122	236,554	251,477	(14,923)
Total Expenditures	<u>19,957,673</u>	<u>19,001,816</u>	<u>6,402,176</u>	<u>12,599,640</u>
NET CHANGE IN FUND BALANCE	(2,817,320)	(2,713,945)	280,536	2,994,481
Fund Balance - Beginning of Year	<u>1,230,005</u>	<u>1,230,005</u>	<u>1,230,005</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ (1,587,315)</u>	<u>\$ (1,483,940)</u>	<u>\$ 1,510,541</u>	<u>\$ 2,994,481</u>

See accompanying Note to Required Supplementary Information.

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – REGIONAL ANALYSIS AND PLANNING SERVICES, INC. FUND
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Amounts
	Original	Final		
REVENUES				
Income from Local Sources	\$ 117,500	\$ 117,500	\$ 98,834	\$ (18,666)
Total Revenues	<u>117,500</u>	<u>117,500</u>	<u>98,834</u>	<u>(18,666)</u>
EXPENDITURES				
Professional Services	110,000	110,000	87,437	22,563
Other Costs	<u>1,870</u>	<u>1,870</u>	<u>2,316</u>	<u>(446)</u>
Total Expenditures	<u>111,870</u>	<u>111,870</u>	<u>89,753</u>	<u>22,117</u>
NET CHANGE IN FUND BALANCE	5,630	5,630	9,081	3,451
Fund Balance - Beginning of Year	<u>34,670</u>	<u>34,670</u>	<u>34,670</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 40,300</u>	<u>\$ 40,300</u>	<u>\$ 43,751</u>	<u>\$ 3,451</u>

See accompanying Note to Required Supplementary Information.

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2023**

NOTE 1 BUDGETARY DATA

AMBAG and RAPS adopt annual budgets. All budgetary items lapse at fiscal year end and then are budgeted for the coming fiscal year. Encumbrance accounting is not used. The budgets are prepared on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

A budget review is performed when anticipated revenues and expenditures change. The budget is amended and adopted by the board of directors. The Board must approve additional grant requests or contracts not included in the amended budget resolution. The legal level of control is the fund level.

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
SCHEDULE OF AMBAG'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
(LAST 10 YEARS*)
YEAR ENDED JUNE 30, 2023**

	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	Plan's Fiduciary Net Position	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014 Miscellaneous Plan	0.02453%	\$ 1,526,353	\$ 1,136,161	134.34%	\$ 10,639,461,174	81.15%
2015 Miscellaneous Plan	0.05612%	\$ 1,539,765	\$ 1,148,537	134.06%	\$ 10,896,036,068	79.89%
2016 Miscellaneous Plan	0.05287%	\$ 1,836,564	\$ 1,185,532	154.91%	\$ 10,923,476,287	75.87%
2017 Miscellaneous Plan	0.05089%	\$ 2,006,211	\$ 1,262,690	158.88%	\$ 12,074,499,781	75.39%
2018 Miscellaneous Plan	0.05010%	\$ 1,888,154	\$ 1,370,055	137.82%	\$ 13,122,440,092	77.69%
2019 Miscellaneous Plan	0.05066%	\$ 2,028,536	\$ 1,369,865	148.08%	\$ 13,979,687,268	77.73%
2020 Miscellaneous Plan	0.05175%	\$ 2,182,768	\$ 1,367,160	159.66%	\$ 14,702,361,183	87.04%
2021 Miscellaneous Plan	0.05700%	\$ 1,082,312	\$ 1,336,776	80.96%	\$ 18,065,791,524	90.49%
2022 Miscellaneous Plan	0.055010%	\$ 2,574,208	\$ 1,352,453	190.34%	\$ 16,770,671,339	78.19%

Notes to Schedule:

Benefit Changes

For 2016, the figures above do not include any liability impact that may have resulted from plan changes, which occurred after the June 30, 2015 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions

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

In 2016, the discount rate was changed from 7.50 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

In 2017, the discount rate was changed from 7.65 to 7.15 percent.

In 2018, demographic assumptions and the inflation rate were changed in accordance with the CalPERS Experience Study and review of Actuarial Assumptions December 2017.

In 2022, the discount rate was changed from 7.15 to 6.90 percent.

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

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
SCHEDULE OF CONTRIBUTIONS AND RELATED NOTES TO SCHEDULE
(LAST 10 YEARS*)
YEAR ENDED JUNE 30, 2023**

Fiscal Year	Contractually Required Contribution (Actuarially Determined)	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015					
Miscellaneous Plan	\$ 211,829	\$ 211,829	\$ -	\$ 1,148,537	18.44%
2016					
Miscellaneous Plan	\$ 257,171	\$ 257,171	\$ -	\$ 1,185,532	21.69%
2017					
Miscellaneous Plan	\$ 296,519	\$ 296,519	\$ -	\$ 1,262,690	23.48%
2018					
Miscellaneous Plan	\$ 287,133	\$ 287,133	\$ -	\$ 1,370,055	20.96%
2019					
Miscellaneous Plan	\$ 272,964	\$ 272,964	\$ -	\$ 1,369,865	19.93%
2020					
Miscellaneous Plan	\$ 293,550	\$ 293,550	\$ -	\$ 1,367,160	21.47%
2021					
Miscellaneous Plan	\$ 317,005	\$ 317,005	\$ -	\$ 1,336,776	23.71%
2022					
Miscellaneous Plan	\$ 343,516	\$ 343,516	\$ -	\$ 1,352,453	25.40%
2023					
Miscellaneous Plan	\$ 383,311	\$ 383,311	\$ -	\$ 1,509,947	25.39%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year are as follows:

- For year end June 30, 2015 – June 30, 2012 funding valuation report
- For year end June 30, 2016 – June 30, 2013 funding valuation report
- For year end June 30, 2017 – June 30, 2014 funding valuation report
- For year end June 30, 2018 – June 30, 2015 funding valuation report
- For year end June 30, 2019 – June 30, 2016 funding valuation report
- For year end June 30, 2020 – June 30, 2017 funding valuation report
- For year end June 30, 2021 – June 30, 2018 funding valuation report
- For year end June 30, 2022 – June 30, 2020 funding valuation report
- For year end June 30, 2023 – June 30, 2021 funding valuation report

Actuarial Cost Method:	Entry age normal
Amortization Method/Period:	Level percentage of payroll
Asset Valuation Method:	Fair value
Inflation:	2.50%
Salary Increases:	Varies by Entry Age and Service
Payroll Growth:	2.75%
Investment Rate of Return:	7.0% Net 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:	Derived using CalPERS' Membership Data for all Funds. The postretirement mortality rates include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries

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

SUPPLEMENTARY INFORMATION

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
SCHEDULE OF DIRECT, INDIRECT, AND UNALLOWABLE EXPENDITURES
GOVERNMENTAL GENERAL FUND
YEAR ENDED JUNE 30, 2023**

	<u>Direct Costs</u>	<u>Indirect Costs</u>	<u>Unallowable Costs</u>	<u>Totals</u>
SALARIES AND BENEFITS				
Salaries	\$ 857,423	\$ 673,582	\$ -	\$ 1,531,005
Fringe Benefits	494,212	381,939	-	876,151
Total Salaries and Benefits	<u>1,351,635</u>	<u>1,055,521</u>	<u>-</u>	<u>2,407,156</u>
OTHER EXPENDITURES				
Professional Services	3,275,298	133,056	-	3,408,354
Equipment and Space Rentals	-	80,532	-	80,532
Communications	-	30,393	-	30,393
Supplies	558	52,720	1,028	54,306
Printing and Reproduction	-	836	-	836
Transportation	12,836	16,732	2,279	31,847
Other Costs	51,909	71,576	13,790	137,275
Non-Federal Local Match	251,477	-	-	251,477
Total Other Expenditures	<u>3,592,078</u>	<u>385,845</u>	<u>17,097</u>	<u>3,995,020</u>
DEPRECIATION EXPENSE	<u>1,934</u>	<u>31,600</u>	<u>-</u>	<u>33,534</u>
Total Expenditures	<u>\$ 4,945,647</u>	<u>\$ 1,472,966</u>	<u>\$ 17,097</u>	<u>\$ 6,435,710</u>

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
SCHEDULE OF EXPENDITURES
CONSOLIDATED PLANNING GRANT NO. 74A0815
YEAR ENDED JUNE 30, 2023**

Authorized Expenditures:

Federal Highway Administration Funds	\$ 1,695,926
Federal Transit Administration Section 5303	406,717
Federal Transit Administration Section 5304	540,919
Federal Highway SRP Strategic Partnership Grants	300,000
SB1 Formulas and Competitive Grants	<u>324,783</u>
Total Authorized Expenditures	<u>3,268,345</u>

Actual Expenditures:

Association of Monterey Bay Area Governments (AMBAG)

Program No.	Program Name	
101	Overall Work Program, Budget and Administration	114,834
112	Transportation Plans Coordination and Interagency Liaison	264,000
113	Public Participation Plan	41,873
231	GIS Analysis, Data Collection, Uniformity, Coordination and Access	283,056
251	Regional Travel Demand Model (RTDM)	543,163
259	Integrated Land Use Model and Development Monitoring Framework Tool	114,335
333	Monterey Bay Natural and Working Lands Climate Mitigation and Resiliency Study	7,487
411	Clearinghouse	10,850
607	Sustainable Communities Planning (FY 2021-2022)*	6,459
608	Sustainable Communities Planning (FY 2022-2023)	338,123
610	Transportation Performance Management (TPM)	43,602
621	Elderly and Disabled and Americans with Disabilities Act	38,747
622	Regional/Metropolitan Transportation Planning	341,441
624	San Benito County Regional Transportation Planning**	26,957
629	Complete Streets Planning (SC)	40,532
641	Metropolitan Transportation Improvement Program (MTIP)	193,780
642	San Benito Transportation Improvement Program**	12,192
680	Rail Planning/Corridor Studies	34,973
685	California Central Coast Sustainable Freight Study	<u>76,112</u>
	Total Expenditures	<u>2,532,516</u>
	Balance of Federal Highway Administration Grant	<u>\$ 735,829</u>

* AMBAG performs the planning work on behalf of the Council of San Benito County Governments

STATISTICAL SECTION

Statistical Section

ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS Statistical Section Introduction

The Association of Monterey Bay Area Governments (AMBAG) annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends	These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. (Table 1-5)
Revenue Capacity	These schedules contain information to help the reader assess the government's ability to generate its own revenue. (Table 6-7)
Demographic & Economic Indicators	These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place. (Table 8-14)
Operating	These schedules contain service and infrastructure data to help the information reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. (Table 15-16)

Sources: Unless otherwise noted, the information in these schedules is derived from the audited financial reports for the relevant year. Schedules presenting government-wide financial statements include information beginning with that year.

ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS

Table 1 - Net Position by Component – Last Ten Fiscal Years

	2014¹	2015²	2016	2017
Governmental activities:				
Investment in capital assets	70,356	87,417	62,295	39,876
Restricted - OPEB Asset	-	-	-	-
Unrestricted	331,201	(1,029,304)	(871,966)	(492,764)
Total governmental activities				
Net position	(1,029,304)	(941,887)	(809,671)	(452,888)

¹The net position of governmental activities significantly decreased in fiscal year ended June 30, 2014 as a result of implementing GASB Statements No. 68 and No. 71, requiring the recognition of net pension liability and related pension expense and deferred outflows and inflows of resources.

²A prior period adjustment was made to net position for fiscal year ended June 30, 2015 as a result of implementing GASB Statement No. 82, which recognizes the classification of employer-paid member contributions.

ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
 Table 1 - Net Position by Component – Last Ten Fiscal Years

2018	2019	2020	2021	2022	2023
33,635	19,498	30,269	19,106	116,333	82,799
-	-	-	-	-	32,374
(333,975)	(251,374)	(463,418)	(539,509)	(183,170)	(4,881)
(300,340)	(231,876)	(433,149)	(520,403)	(66,837)	110,292

ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS

Table 2 - Changes in Net Position – Last Ten Fiscal Years

	2014¹	2015²	2016
Expenses			
Governmental activities:			
Transportation	\$ 2,907,159	\$ 2,178,019	\$ 2,391,469
Energy watch (Sustainability from 2021)	595,743	620,562	602,845
Total governmental activities expenses	<u>3,502,902</u>	<u>2,798,581</u>	<u>2,994,314</u>
Program Revenues			
Governmental activities:			
Charges for services	218,252	214,584	246,063
Operating grants and contributions	3,411,368	2,810,924	2,937,533
Total governmental activities program revenues	<u>3,629,620</u>	<u>3,025,508</u>	<u>3,183,596</u>
Net revenues/(expenses)	126,718	226,927	189,282
General Revenues			
Investment income	158	175	170
Membership dues	-	-	-
Loss on sale of capital assets	-	-	-
Total general revenues	<u>158</u>	<u>175</u>	<u>170</u>
CHANGE IN NET POSITION	126,876	227,102	189,452
NET POSITION, BEGINNING OF YEAR	<u>274,679</u>	<u>(1,168,989)</u>	<u>(999,123)</u>
NET POSITION, END OF YEAR	<u><u>\$ (1,168,989)</u></u>	<u><u>\$ (941,887)</u></u>	<u><u>\$ (809,671)</u></u>

¹The net position of governmental activities significantly decreased in fiscal year ended June 30, 2014 as a result of implementing GASB Statements No. 68 and No. 71, requiring the recognition of net pension liability and related pension expense and deferred outflows and inflows of resources.

²A prior period adjustment was made to net position for fiscal year ended June 30, 2015 as a result of implementing GASB Statement No. 82, which recognizes the classification of employer paid member contributions.

ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS

Table 2 - Changes in Net Position – Last Ten Fiscal Years

2017	2018	2019	2020	2021	2022	2023
\$ 2,422,284	\$ 2,800,986	\$ 2,454,574	\$ 3,143,874	\$ 3,832,655	\$ 4,761,014	\$ 6,604,416
521,967	666,572	677,623	619,885	75,571	-	-
2,944,251	3,467,558	3,132,197	3,763,759	3,908,226	4,761,014	6,604,416
258,634	295,578	262,544	217,511	1,575,891	2,770,104	4,179,244
3,042,186	3,284,460	2,937,691	3,344,555	2,244,757	2,444,311	2,595,813
3,300,820	3,580,038	3,200,235	3,562,066	3,820,648	5,214,415	6,775,057
356,569	112,480	68,038	(201,693)	(87,578)	453,401	170,641
214	291	426	420	324	165	6,489
-	-	-	-	-	-	-
-	-	-	-	-	-	-
214	291	426	420	324	165	6,489
356,783	112,771	68,464	(201,273)	(87,254)	453,566	177,130
(809,671)	(413,111)	(300,340)	(231,876)	(433,149)	(520,403)	(66,838)
\$ (452,888)	\$ (300,340)	\$ (231,876)	\$ (433,149)	\$ (520,403)	\$ (66,837)	\$ 110,292

ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS

Table 3 - Fund Balances of Governmental Funds – Last Ten Fiscal Years

	2014	2015	2016	2017
General fund				
Committed	-	-	-	-
Unassigned	460,353	511,457	648,291	783,094
Total general fund	460,353	511,457	648,291	783,094
Other governmental fund				
Assigned	-	-	-	-
Unassigned	(3,615)	(4,030)	(3,646)	(4,014)
Total other governmental funds	(3,615)	(4,030)	(3,646)	(4,014)

¹Fiscal year ended 2010 has not been restated per GASB Statement No. 54. This statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS

Table 3 - Fund Balances of Governmental Funds – Last Ten Fiscal Years

2018	2019	2020	2021	2022	2023
-	-	-	-	-	-
993,171	1,054,274	1,075,122	1,164,535	1,230,005	1,510,541
993,171	1,054,274	1,075,122	1,164,535	1,230,005	1,510,541
-	-	-	-	-	-
2,849	10,753	12,840	27,276	34,670	43,751
2,849	10,753	12,840	27,276	34,670	43,751

ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS

Table 4 - Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years

	2014	2015	2016	2017
REVENUES:				
Income from federal sources	\$ 1,798,562	\$ 1,551,319	\$ 1,515,681	\$ 1,458,360
Income from state sources	427,488	758,293	964,838	965,240
Income from local sources	1,259,012	551,761	537,288	731,568
Non-federal local match	144,716	164,310	165,959	145,866
Total revenues	3,629,778	3,025,683	3,183,766	3,301,034
EXPENDITURES:				
Salaries	1,185,089	1,143,154	1,176,094	1,252,840
Fringe benefits	649,501	705,020	687,384	773,994
Professional services	955,698	513,469	640,895	656,599
Equipment and space rentals	75,406	74,747	78,009	80,488
Communications	17,925	17,819	20,958	15,103
Supplies	23,546	20,616	43,630	26,561
Printing and reproduction	5,080	2,960	2,037	4,031
Transportation	21,446	27,814	19,785	33,009
Other costs	101,148	136,720	122,517	100,918
Subrecipients	380,047	130,000	89,278	77,190
Non-federal local match	144,716	164,310	165,959	145,866
Bad debt recovery	(27,047)	-	-	-
Capital outlay	35,356	38,365	-	-
Total expenditures	3,567,911	2,974,994	3,046,546	3,166,599
EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES	61,867	50,689	137,220	134,435
NET CHANGE IN FUND BALANCES	\$ 61,867	\$ 50,689	\$ 137,220	\$ 134,435

ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS

Table 4 - Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years

2018	2019	2020	2021	2022	2023
\$ 1,782,164	\$ 1,544,949	\$ 1,834,086	\$ 1,799,690	\$ 1,937,959	\$ 2,219,230
975,202	1,066,017	1,269,853	1,184,177	2,472,660	3,893,747
604,523	417,452	282,776	536,382	495,889	417,093
218,440	172,243	175,771	201,566	220,312	251,476
3,580,329	3,200,661	3,562,486	3,721,815	5,126,820	6,781,546
1,299,810	1,436,819	1,427,975	1,424,949	1,387,933	1,531,005
757,772	738,261	759,603	740,535	779,215	876,151
740,256	453,226	889,643	1,125,957	2,345,283	3,495,791
77,687	88,247	81,054	80,042	81,318	80,532
17,258	19,853	17,766	19,277	18,044	30,393
13,726	31,096	24,161	15,749	29,307	54,306
7,564	6,474	3,530	872	3,123	836
31,935	33,995	25,260	503	5,253	31,847
110,040	146,175	108,256	107,673	140,868	139,591
74,390	-	-	-	-	-
218,440	172,243	175,772	201,566	220,314	251,477
-	-	-	-	-	-
14,511	5,265	26,531	-	131,058	-
3,363,389	3,131,654	3,539,551	3,717,123	5,141,716	6,491,929
216,940	69,007	22,935	4,692	(14,896)	289,617
\$ 216,940	\$ 69,007	\$ 22,935	\$ 4,692	\$ (14,896)	\$ 289,617

ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS

Table 5 – Indirect and Fringe Benefit Costs – Last Ten Fiscal Years

Year	Indirect Cost	Fringe Benefits	Totals
2014	888,443	386,206	1,274,649
2015	932,641	392,347	1,324,988
2016	971,486	438,762	1,410,248
2017	981,338	499,705	1,481,043
2018	1,009,673	478,674	1,488,347
2019	1,155,050	456,688	1,611,738
2020	1,227,606	456,226	1,683,832
2021	1,258,283	415,919	1,674,202
2022	1,274,619	445,185	1,719,804
2023	1,472,966	494,212	1,967,178

ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS

Table 6 - Member Dues – Last Ten Fiscal Years

	Member Cities			Member Counties		
	No. of Members	Population	Annual Dues¹	No. of Members	Population	Annual Dues¹
2014	18	491,600	100,530	3	250,864	73,670
2015	18	493,048	100,574	3	251,777	73,626
2016	18	498,678	100,564	3	256,190	73,636
2017	18	498,859	100,562	3	256,544	73,638
2018	18	509,776	100,876	3	259,952	73,324
2019	18	514,299	100,940	3	261,523	73,260
2020	18	517,239	101,205	3	259,994	72,995
2021	18	520,848	101,342	3	261,733	72,858
2022	18	514,897	101,339	3	259,832	72,861
2023	18	503,471	101,373	3	258,488	72,827

¹As prescribed by Section 8B of the AMBAG By-Laws, dues are allocated one half by population ratio, and one half by assessed valuation ratio. Population figures are those published by the California State Dept. of Finance. Assessed valuations are those reported by County Auditor-Controllers.

Source: AMBAG Finance Department

ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS

Table 7 - Principle Members – Current Year and Five Years Ago

City/County	2023		2018	
	Annual Dues	Percent of Total Dues Assessment	Annual Dues	Percent of Total Dues Assessment
City of Capitola	3,223	2%	3,263	2%
City of Carmel	3,890	2%	3,850	2%
City of Del Rey Oaks	879	1%	882	1%
City of Gonzales	1,801	1%	1,800	1%
City of Greenfield	3,035	2%	2,849	2%
City of Hollister	7,752	4%	6,817	4%
City of King City	2,618	2%	2,492	1%
City of Marina	4,566	3%	4,165	2%
City of Monterey	7,578	4%	7,688	4%
City of Pacific Grove	4,166	2%	4,041	2%
City of Salinas	25,159	14%	25,286	15%
City of San Juan Bautista	920	1%	828	0%
City of Sand City	753	0%	721	0%
City of Santa Cruz	13,101	8%	13,890	8%
City of Scotts Valley	3,632	2%	3,673	2%
City of Seaside	5,676	3%	5,797	3%
City of Soledad	3,834	2%	3,878	2%
City of Watsonville	8,790	5%	8,956	5%
County of Monterey	34,114	20%	34,290	20%
County of San Benito	6,128	4%	5,801	3%
County of Santa Cruz	32,585	19%	33,233	19%

Source: AMBAG Finance Department

ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS

Table 8 - Population by County in the AMBAG Region – Last Ten Calendar Years

Year	Monterey	San Benito	Santa Cruz	Total Region
2013	426,959	57,254	271,105	755,318
2014	429,418	57,892	272,102	759,412
2015	434,604	58,464	274,514	767,582
2016	438,591	59,207	275,247	773,045
2017	439,822	59,737	274,574	774,133
2018	441,764	60,781	273,426	775,971
2019	443,397	62,051	272,185	777,633
2020	441,290	62,789	270,067	774,146
2021	445,181	61,719	275,023	781,923
2022	434,281	65,804	264,883	764,968

Source: State of California, Department of Finance

ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS

Table 9 - Number of Household Units by County in the AMBAG Region - Last Ten Calendar Years

Year	Monterey	San Benito	Santa Cruz	Total Region
2013	138,451	18,090	104,843	261,384
2014	138,817	18,130	105,047	261,994
2015	139,177	18,262	105,221	262,660
2016	139,435	18,347	105,380	263,162
2017	139,821	18,510	105,501	263,832
2018	140,330	18,935	105,646	264,911
2019	141,007	19,395	105,692	266,094
2020	141,763	19,913	106,135	267,811
2021	144,011	20,721	106,684	271,416
2022	145,125	21,298	106,851	273,274

Source: State of California, Department of Finance

ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS

Table 10 - Labor Force & Unemployment by County in the AMBAG Region – Last Ten Calendar Years

2013					2014			
	Labor Force	Employment	Unemployment	Unemployment Rate	Labor Force	Employment	Unemployment	Unemployment Rate
Monterey	215,700	193,200	22,500	10.4%	217,400	197,400	19,900	9.2%
San Benito	28,800	25,600	3,200	11.2%	29,100	26,400	2,700	9.4%
Santa Cruz	141,600	126,900	14,700	10.4%	142,000	129,500	12,600	8.9%
2015					2016			
	Labor Force	Employment	Unemployment	Unemployment Rate	Labor Force	Employment	Unemployment	Unemployment Rate
Monterey	218,300	200,500	17,800	8.2%	218,800	202,000	16,800	7.7%
San Benito	29,800	27,500	2,300	7.6%	29,800	28,400	2,000	6.7%
Santa Cruz	143,200	132,400	10,800	7.5%	143,800	133,700	10,000	7.0%
2017					2018			
	Labor Force	Employment	Unemployment	Unemployment Rate	Labor Force	Employment	Unemployment	Unemployment Rate
Monterey	219,600	203,800	15,900	7.2%	221,900	207,700	14,300	6.4%
San Benito	30,600	28,800	1,800	5.8%	31,200	29,600	1,600	5.1%
Santa Cruz	142,700	134,500	8,200	5.7%	141,300	134,200	7,100	5.0%
2019					2020			
	Labor Force	Employment	Unemployment	Unemployment Rate	Labor Force	Employment	Unemployment	Unemployment Rate
Monterey	221,200	207,100	14,100	6.4%	213,500	190,400	23,100	10.8%
San Benito	32,300	30,600	1,600	5.0%	31,500	28,400	3,100	9.9%
Santa Cruz	141,100	134,100	7,000	5.0%	133,600	120,900	12,700	9.5%
2021					2022			
	Labor Force	Employment	Unemployment	Unemployment Rate	Labor Force	Employment	Unemployment	Unemployment Rate
Monterey	213,800	189,800	24,000	11.2%	220,500	207,400	13,100	5.9%
San Benito	32,500	29,300	3,200	10.0%	32,500	30,900	1,600	5.0%
Santa Cruz	134,600	121,400	13,200	9.8%	134,200	127,800	6,400	4.8%

Source: State of California, Employment Development Department

ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS

Table 11 - Median Household Income by County in the AMBAG Region - Last Ten Calendar Years

Year	Monterey	San Benito	Santa Cruz	Regional Average
2013	55,411	66,780	65,282	62,491
2014	57,864	68,444	65,368	63,892
2015	60,047	76,521	64,841	67,136
2016	62,999	73,298	75,929	70,742
2017	70,294	77,200	76,633	74,709
2018	69,665	80,063	84,213	77,980
2019	76,509	84,209	85,770	82,163
2020	85,031	91,185	93,015	89,744
2021	81,404	95,187	90,370	88,987
2022	92,840	111,544	102,146	102,177

Source: U.S. Census Bureau, Small Area Estimates Branch

ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
 Table 12 - Employment by Industry in the AMBAG Region - Prior Year & Ten Years Ago

	2022			2012		
	Firm	Number of Employed	Percent of Total Employment Listed	Firm	Number of Employed	Percent of Total Employment Listed
Monterey						
Agriculture		60,900	30%	Agriculture	48,200	28%
Natural Resources, Mining and Construction		7,200	4%	Natural Resources, Mining and Construction	4,300	2%
Manufacturing		5,100	2%	Manufacturing	5,200	3%
Wholesale Trade		5,500	3%	Wholesale Trade	5,200	3%
Retail Trade		16,200	8%	Retail Trade	15,900	9%
Transportation, Warehousing and Utilities		3,700	2%	Transportation, Warehousing and Utilities	3,800	2%
Information		900	0%	Information	1,500	1%
Financial Activities		4,300	2%	Financial Activities	4,200	2%
Professional and Business Services		15,500	8%	Professional and Business Services	11,400	7%
Educational and Health Services		21,000	10%	Educational and Health Services	16,800	10%
Leisure and Hospitality		24,300	12%	Leisure and Hospitality	21,200	12%
Other Services		5,400	3%	Other Services	4,700	3%
Government		34,400	17%	Government	31,300	18%
San Benito						
Agriculture		1,800	9%	Agriculture	1,500	10%
Natural Resources, Mining and Construction		1,700	9%	Natural Resources, Mining and Construction	700	5%
Manufacturing		3,700	19%	Manufacturing	2,700	19%
Wholesale Trade		400	2%	Wholesale Trade	400	3%
Retail Trade		1,600	8%	Retail Trade	2,200	15%
Transportation, Warehousing and Utilities		600	3%	Transportation, Warehousing and Utilities	300	2%
Information		100	1%	Information	100	1%
Financial Activities		400	2%	Financial Activities	300	2%
Professional and Business Services		1,500	8%	Professional and Business Services	900	6%
Educational and Health Services		1,600	8%	Educational and Health Services	1,100	8%
Leisure and Hospitality		1,800	9%	Leisure and Hospitality	1,200	8%
Other Services		500	3%	Other Services	400	3%
Government		3,400	18%	Government	2,700	19%
Santa Cruz						
Agriculture		7,000	7%	Agriculture	8,400	9%
Natural Resources, Mining and Construction		5,100	5%	Natural Resources, Mining and Construction	3,000	3%
Manufacturing		8,000	7%	Manufacturing	5,100	5%
Wholesale Trade		3,500	3%	Wholesale Trade	3,400	3%
Retail Trade		11,000	10%	Retail Trade	11,400	12%
Transportation, Warehousing and Utilities		2,100	2%	Transportation, Warehousing and Utilities	1,400	1%
Information		600	1%	Information	800	1%
Financial Activities		3,300	3%	Financial Activities	3,200	3%
Professional and Business Services		10,800	10%	Professional and Business Services	10,300	10%
Educational and Health Services		17,800	17%	Educational and Health Services	15,800	16%
Leisure and Hospitality		14,000	13%	Leisure and Hospitality	11,700	12%
Other Services		5,200	5%	Other Services	3,800	4%
Government		18,800	18%	Government	20,400	21%

Source: State of California Employment Development Department, Employment by Industry Data

ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS

Table 13 - Average Annual Wages by County in the AMBAG Region - Last Ten Calendar Years

	2013		2014		2015	
	Average Weekly Wages	Average Annual Wages	Average Weekly Wages	Average Annual Wages	Average Weekly Wages	Average Annual Wages
Monterey	\$804	\$41,812	\$818	\$42,526	\$848	\$42,526
San Benito	\$758	\$39,417	\$791	\$41,130	\$839	\$44,080
Santa Cruz	\$866	\$45,035	\$859	\$44,653	\$888	\$46,189

	2016		2017		2018	
	Average Weekly Wages	Average Annual Wages	Average Weekly Wages	Average Annual Wages	Average Weekly Wages	Average Annual Wages
Monterey	\$874	\$45,426	\$907	\$47,146	\$924	\$48,027
San Benito	\$854	\$44,402	\$890	\$46,285	\$931	\$48,428
Santa Cruz	\$913	\$47,497	\$949	\$49,372	\$986	\$51,268

	2019		2020		2021	
	Average Weekly Wages	Average Annual Wages	Average Weekly Wages	Average Annual Wages	Average Weekly Wages	Average Annual Wages
Monterey	\$952	\$49,504	\$1,017	\$52,888	\$1,062	\$55,224
San Benito	\$975	\$50,677	\$1,001	\$52,043	\$1,061	\$55,169
Santa Cruz	\$1,066	\$55,434	\$1,155	\$60,045	\$1,193	\$62,017

	2022	
	Average Weekly Wages	Average Annual Wages
Monterey	\$991	\$51,514
San Benito	\$1,071	\$55,879
Santa Cruz	\$1,173	\$60,976

Source: United States Department of Labor, Bureau of Labor Statistics

ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS

Table 14 - Transit Providers by County in the AMBAG Region - Current Year

County	Transit Providers
Monterey	MST (Monterey-Salinas Transit)
San Benito	San Benito County Express
Santa Cruz	Santa Cruz METRO

Source: AMBAG Finance Department

ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS

Table 15 – Full-Time and Part-Time Employees by Function - Last Ten Fiscal Years

Year	Transportation	Sustainability Programs	Administration	Total
2014	8.5	4.1	4.5	17.1
2015	8.25	4.5	4.75	17.5
2016	9.25	3.5	4.75	17.5
2017	8.5	3.42	4.75	16.67
2018	8.35	3	4.75	16.1
2019	8	3.5	4.75	16.25
2020	9	3	4.4	16.4
2021	9	1.5	5.7	16.2
2022	8	1	5.7	14.7
2023	10.5	1	5.5	17

Source: AMBAG Finance Department

ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
Table 16 - Net Capital Assets by Function - Last Ten Fiscal Years

Year	Transportation
2014	70,356
2015	87,417
2016	62,295
2017	39,876
2018	33,635
2019	19,498
2020	30,270
2021	19,106
2022	116,333
2023	82,799

Source: AMBAG Finance Department

SINGLE AUDIT SECTION



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Association of Monterey Bay Area Governments
Monterey, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Association of Monterey Bay Area Governments, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Association of Monterey Bay Area Governments' basic financial statements and have issued our report thereon dated January 11, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association of Monterey Bay Area Governments' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association of Monterey Bay Area Governments' internal control. Accordingly, we do not express an opinion on the effectiveness of the Association of Monterey Bay Area Governments' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association of Monterey Bay Area Governments' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Salinas, California
January 11, 2024



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Association of Monterey Bay Area Governments
Monterey, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Association of Monterey Bay Area Governments (AMBAG) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of AMBAG's major federal programs for the year ended June 30, 2023. AMBAG's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, AMBAG complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of AMBAG, and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of AMBAG's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to AMBAG's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on AMBAG's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about AMBAG's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 AMBAG's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of AMBAG's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of AMBAG's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Salinas, California
January 11, 2024

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Transportation				
Pass-Through Grant:				
California Department of Transportation:				
Highway Planning and Construction	20.205	74A0815	Not Applicable	\$ 1,637,989
Highway Planning and Construction- SPR	20.205	74A0815	Not Applicable	<u>76,112</u>
Total Highway Planning and Construction				<u>1,714,101</u>
Federal Transit Administration- Section 5303	20.505	74A0815	Not Applicable	390,794
Federal Transit Administration- Section 5304	20.505	74A0815	Not Applicable	<u>114,335</u>
Total Federal Transit Administration				505,129
Total Expenditures of Federal Awards				<u>\$ 2,219,230</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of AMBAG under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of AMBAG, it is not intended to and does not present the financial position, changes in net position, or cash flows of AMBAG.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 INDIRECT COST RATE

AMBAG has a federally negotiated indirect cost rate that is being used for federal awards.

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

Section I – Summary of the Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes X no
 - Significant deficiency(ies) identified? _____ yes X none reported
3. Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes X no
 - Significant deficiency(ies) identified? _____ yes X none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
20.205	Highway Planning and Construction
Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u> 750,000 </u>
Auditee qualified as low-risk auditee?	<u> X </u> yes _____ no

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a)

**ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023**

There were no findings or questioned costs for the year ended June 30, 2023.