

**TRANSPORTATION AGENCY FOR
MONTEREY COUNTY**

FINANCIAL STATEMENTS
June 30, 2011



TRANSPORTATION AGENCY FOR MONTEREY COUNTY
TABLE OF CONTENTS
 June 30, 2011

FINANCIAL SECTION:

Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	12
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet – Governmental Fund.....	16
Reconciliation of the Governmental	
Fund Balance Sheet to the Statement of Net Assets	17
Statement of Revenues, Expenditures, and Changes In Fund Balance -	
Governmental Fund	18
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures,	
and Changes in Fund Balance to the Statement of Activities	19
Statement of Fiduciary Net Assets – Fiduciary Funds	20
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds.....	21
Notes to Basic Financial Statements	22

REQUIRED SUPPLEMENTARY INFORMATION SECTION:

Schedule of Revenues, Expenditures, and Changes in Fund Balance –	
Budget and Actual – General Fund.....	33
Schedule of Funding Progress for Post Employment Benefits Other Than Pensions	35

SUPPLEMENTARY INFORMATION SECTION:

Schedule of Federal Highway Administration Funds Revenues and Expenditures –	
Budget and Actual	37
Schedule of Service Authority for Freeways and Expressways (SAFE) Funds Revenues and Expenditures –	
Budget and Actual	38
Schedule of State and Regional Planning Assistance Funds Revenues and Expenditures –	
Budget and Actual	39
Schedule of Planning, Programming and Monitoring Funds Revenues and Expenditures – Budget and Actual	40
Schedule of Freeway Service Patrol Revenues and Expenditures - Budget and Actual	41
Schedule of Expenditures by Work Element – Budget and Actual	42
Schedule of Allocations by Purpose – Local Transportation Fund	44
Schedule of Claims by Purpose – Local Transportation Fund	46
Schedule of Amounts Allocated and Disbursed by Purpose – State Transit Assistance Fund	48
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 <i>Government Auditing Standards</i>	49



FINANCIAL SECTION





MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA

802 EAST MAIN
SANTA MARIA, CA 93454
TEL: 805.925.2579
FAX: 805.925.2147
www.mlhcpas.com

INDEPENDENT AUDITORS' REPORT

Transportation Agency for Monterey County
Monterey, California

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Transportation Agency for Monterey County (Agency) as of and for the fiscal year ended June 30, 2011, which collectively comprise the Agency's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Transportation Agency for Monterey County, as of June 30, 2011, the respective changes in financial position thereof, and the budgetary comparison for the general fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1 to basic financial statements effective July 1, 2010, the Transportation Agency for Monterey County adopted Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and GASB Statement No. 59, *Financial Statements Omnibus*.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11, the budgetary information on pages 33 and 34, and the schedule of funding for post employment benefits other than pension on page 35, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 31, 2012, on our consideration of the Transportation Agency for Monterey County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements taken as a whole. The schedules on pages 37 through 48 are presented for purposes of additional analysis and are not required parts of the financial statements. The schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

MOSS, LEVY & HARTZHEIM LLP

Moss, Levy & Hartzheim LLP

January 31, 2012

Management's Discussion and Analysis

Overview of the Transportation Agency and Audited Finances for Fiscal Year Ending
June 30, 2011

General

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

The Board of Directors sets policy and oversees a professional staff of 14 full-time and 1 part-time employee. About 95% of the Agency's funding comes from state and federal grants. Local funding is primarily from member agency contributions for congestion management activities.

Work Program Highlights

During fiscal year 2010/2011, the Transportation Agency for Monterey County undertook a wide variety of programs focusing on regional transportation planning, acting as the designated Regional Transportation Planning Agency, the Local Transportation Commission, the Congestion Management Agency, and the Service Authority for Freeways and Expressways for the Monterey County area. The Agency's activities are described in detail in the Annual Work Program, and highlighted below.

The Agency underwent a goal-setting session in early 2011 and set the following as its top priority projects for the next ten years: US 101 San Juan Road interchange, Highway 156 widening, US 101 South County Frontage Roads, local road/street improvements and Commuter Rail Extension, and Monterey Branch Line light rail. The Agency also set a priority for evaluating the costs and benefits of taking on the federal Metropolitan Planning Organization role for Monterey County and has been coordinating that evaluation with the Association of Monterey Bay Area Governments, the Santa Cruz County Regional Transportation Commission and the San Benito County Council of Governments

The Transportation Agency continued to assist local jurisdictions with completing transportation projects authorized in the federal stimulus American Recovery and Reinvestment Act of 2009. The Transportation Agency continued to pursue alternatives to fund the \$17.9 million gap needed to fully fund the \$90.6 million US 101/San Juan Road Interchange project. A federal TIGER II grant application was submitted in August 2010. The application was not successful.

The Transportation Agency assisted Monterey County Public Works and California State Parks in funding and planning for delivery of the Moss Landing and the Fort Ord Dunes State Park segments of the Monterey Bay Sanctuary Scenic Trail. The Transportation Agency is leading the Fort Ord Dunes State Park trail development activities on behalf of California Department of Parks and Recreation. Preliminary engineering for the segment began in early June 2010. Construction started in January of 2011 and will be completed by September 2011.

Acting as the lead agency for the Carmel Hill Trail project on behalf of State Parks, the Transportation Agency oversaw the construction of the trail and tunnel project in 2010/11.

The Transportation Agency continued to reach out to the public to improve safety and reduce traffic congestion on area roadways and bring rail to Monterey County through community meetings, city council appearances, hosting and appearing on local television interview programs, newspaper editorials, and the distribution of the Agency Annual Report. Continuing this year are televised board meetings and monthly hosting of the *Your Town* public information television show.

The Agency worked with Caltrans on state highway projects on State Routes 1, 68 and 156, and US 101 to ensure their progress in a timely manner. Milestones reached on these projects include the following:

- Salinas Road – Highway 1 interchange: continuation of project construction.
- US 101 – Airport Boulevard interchange: initiation of construction in September 2010
- US 101 Prunedale Improvement Project: completion of right-of-way acquisition and initiation of construction in April 2011.
- US 101 San Juan Road interchange: completion of environmental documents and initiation of right-of-way acquisition.
- Highway 156 widening: issuance and review of draft environmental documents and project designs.

The lead role for the Transportation Agency includes participation on the project development team, identification and securing of project funding, coordination with local agencies and community members and assistance or in some cases taking the lead on public information and media relations. This year the Agency hired a public outreach coordinator to assist in outreach activities for the over \$120 million in highway projects that started construction in this fiscal year.

Throughout the period, Agency staff assisted the Monterey County Public Works Department on project development coordination on the Hwy 1 Truck Climbing Lane project in Carmel, and two intersection projects on Monterey Salinas Highway (Route 68). The construction of the San Benancio Intersection improvements at Route 68 is underway and will be completed early in 2012. The County is finalizing the design of the Corral-De Tierra Intersection improvements at Route 68 and the project will bid in early 2012. The Agency also assisted the County Redevelopment Agency with the Highway 1-Artichoke Avenue Interchange Project. During the period, staff also participated in the completion of the Project Study Report for the City of Soledad's Highway 101/North Front Street Interchange project and the City of Greenfield's Highway 101/Walnut Avenue Interchange Project. Staff also assisted the City of Marina on project development coordination for improvements at the Highway 1 /Imjin Rd Interchange, and with the City of Salinas for improvements at the Highway 101/Sanborn Rd Interchange.

Agency staff continued planning and environmental work on the Monterey Branch Line and Commuter Rail Extension to Monterey County projects in preparation for applying for federal New Starts grants. For the Commuter Rail Extension to Monterey County project, the Agency coordinated meetings with partner agencies and completed the preliminary design phase for the project. The Agency submitted an Administrative Draft Environmental Assessment to the Federal Transit Administration in preparation for a public review draft to be released in 2011. The Agency acquired one parcel in Salinas under a "hardship" finding approved by the Federal Transit Administration.

The Monterey Branch Line Alternatives Analysis is near completion. Preliminary work on environmental review is currently underway. Staff continued implementing the public outreach plan for the project. These activities included: presenting updates on the project to peninsula City Councils and community groups and organizations, meeting with cities and agencies regarding, conceptual designs, easements and Public Utilities Commission permits on the Monterey Branch Line, and coordinating with developers and cities with the purpose of including the light rail into their plans. The Agency continued to perform routine maintenance and receive lease revenues from the Monterey Branch Line right-of-way.

The Agency continued to work with state and federal legislators on transportation and funding issues, in coordination with Agency's state and federal legislative advocates. Agency staff updated and promoted the state and federal legislative programs and prepared the state legislative bill matrix.

The Agency continued to administer the Transportation for Livable Communities Transit-Oriented Development Incentive Program.

The Transportation Agency oversaw the Freeway Service Patrol tow truck assistance program in Monterey County, in coordination with state and local representatives from California Highway Patrol and Caltrans, operated by local contractors. The Agency continued implementation of a handheld data entry system to improve program efficiency. The Agency also modified the Highway 101 beat to run from Hwy 101/156

Interchange to Airport Boulevard in Salinas due to the narrow shoulder widths south of Salinas during construction of the Airport Boulevard project and the high, number of incidents occurring in the middle part of the corridor. Partnering with the local Highway Patrol officer, the Agency continued to hold localized quarterly training for tow truck operators.

The Agency continued to administer the Monterey County call box motorist assistance program. The Agency collaborated with the Metropolitan Transportation Commission, Santa Cruz Regional Transportation Commission, and San Luis Obispo Council of Governments in issuing a Request for Proposals and selecting a new call-answering center. The Agency manages and monitors the performance of the call center.

The Agency received a Caltrans Partnership Planning Grant application submitted in partnership with the Santa Cruz Regional Transportation Commission to prepare a comprehensive Monterey Bay Area 511 Traveler Information System Feasibility and Implementation Study. The team prepared education materials for engaging various stakeholders to identify the types of information and services that will best meet their needs, including a user survey, a script for a YouTube video, and contents for an attractive and easy to use 511 website. Both agencies collaborated in a Request for Proposals in October 2010 and awarded a contract in March of 2011. The consultant conducted a detailed needs assessment, and investigated the available existing traveler information for the region. A draft Feasibility Plan is expected to be issued in October 2011.

Monterey County Bike Week 2011 took place on May 9 –15, and consisted of events and activities including the Golden Helmet Award, Discounted Bicycle Safety check, bike vs. car challenge, Bike-to-School and Bike-to-Work day and Company bike challenge. The Agency worked closely with the San Benito Council of Governments and Santa Cruz County's Ecology Action on the joint marketing effort for Bike Week. Using funds from an Air District grant, the Agency conducted an extensive electronic newsletter campaign. The 2011 Bike Week campaign attracted nearly 2,100 participants, similar to 2010. Agency staff focused efforts on reaching out to schools, resulting in three new schools participating from the South Monterey County area. The news media covered the events extensively and members of the public who attended the events responded positively.

The Transportation Agency received an Air District grant to continue providing bicycle storage facilities in Monterey County and began seeking eligible applicants. The Agency also continued work on the 2010 Monterey County Bicycle and Pedestrian Master Plan. The Agency worked closely with the Bicycle and Pedestrian Advisory Committee, the Technical Advisory Committee and the public to gather implementation data, prepare the goals and objectives of the Plan, develop bicycle project rankings, and assemble pedestrian project evaluation criteria. The draft 2011 Bicycle and Pedestrian Master Plan was available for public comment in June 2011, and is expected to be adopted by the Agency Board in August 2011. The Agency continued to improve the safety of bicyclists and pedestrians in Monterey County through the use of the Bicycle Facilities Service Request Forms and the distribution of the new 2008 Monterey County Bike Maps. The

Agency also assisted agencies in funding other bicycle and pedestrian projects, including the Castroville under crossing project, the Imjin Parkway Class II bicycle lane project, Blanco Road Class II bike lane project, and Davis Road Class II bike lane project. The Agency continued monitoring project progress and assisting local jurisdictions in grant funding opportunities.

The Agency continued screening incoming environmental documents and traffic impact assessments to determine consistency with Transportation Agency plans, programs, and policies, and to address impacts of proposed developments on regional transportation infrastructure. Major projects reviewed included: the Corral de Tierra Neighborhood Retail Center, an In-n-Out Burger in Seaside, the Whispering Oaks – MST Maintenance Yard, and the Clinica de Salud in King City.

The Transportation Agency continued the Regional Traffic Counts Program, and collected count data in March and August 2010. This data was made available to AMBAG to support the regional travel demand model, utilized by Caltrans for highway project evaluations and the Corridor System Management Plan, and by our partner jurisdictions for plan and project review.

The Agency began participating with the Monterey Bay Electric Vehicle Alliance, a public-private partnership to plan and facilitate the adoption of electric vehicles in the tri-county region. The Agency partnered with the International Brotherhood of Electrical Workers Local 234 to receive an Air District grant for the purchase and installation of seven charging stations, and also partnered with Ecology Action to submit a separate (pending) grant request to initiate an electric vehicle car sharing service in Monterey and Santa Cruz counties. Agency staff also moderated a panel on electric vehicles at the American Public Works Association's Sustainability in Public Works Conference.

The Agency has also worked closely with Assembly member Luis Alejo to propose legislation that would allow State and local agencies to transfer both land and land management endowments to qualified non-profits to help satisfy CEQA habitat mitigation for transportation and other state-funded projects. Staff has testified in front of Assembly conference hearings in support of the bill and has coordinated this effort with local organizations (Grower-Shippers, Monterey County Business Council, the County of Monterey, and the Elkhorn Slough Foundation) to receive letters of support.

The Agency initiated its next update of the Regional Transportation Plan in coordination with the Association of Monterey Bay Area Governments, the Santa Cruz County Regional Transportation Commission, and the San Benito Council of Governments. The update is being undertaken to comply with California Senate Bill 375 (SB375) requirements that projected regional greenhouse gas emissions associated with implementation of regional transportation plans fall within targets adopted by the Air Resources Control Board for the region. The Agency coordinated with its regional planning partners to apply for Strategic Growth Council grant funds to prepare the SB 375 required Sustainable Communities Strategy and will oversee the countywide effort regarding complete streets guidelines.

The Agency continued to administer Transportation Development Act funds in accordance with state law, coordinating with the Social Services Transportation Advisory Council, holding public hearings around Monterey County regarding unmet transit needs, and adopting an unmet transit needs finding. The unmet needs finding adopted by the Agency in 2009-10 allocated all Local Transportation Funds to existing Monterey-Salinas Transit (MST) services and past unmet transit needs beginning in 2011-12. In 2010-11 the Agency found that Castroville transit service between North Monterey County High School, downtown Castroville and surrounding residential developments was an unmet need that was reasonable to meet, but the necessary service improvements cannot be implemented unless additional Local Transportation Funds or other fund sources were made available.. The Agency approved Local Transportation Fund allocations for countywide transit services and local streets and roads projects consistent with the unmet needs finding. Furthermore, the Agency administered and monitored delivery of projects funded by the Local Transportation Fund Article 3 bicycle/pedestrian (TDA 2%) account, and coordinated the regional scoring of Section 5310 Elderly and Disabled transportation account grant applications.

The Agency provided technical and administrative assistance to support starting a local non-profit affiliate of the Independent Transportation Network America transportation service for seniors and adults with visual impairments. Independent Transportation Network Monterey County is in the process of setting up as an affiliate and anticipates starting service in the second half on FY 2011/12. The Transportation Agency also facilitated approval of a Joint Powers Agreement and ordinance changes establishing a Regional Taxi Authority including the cities of Carmel-by-the-Sea, Pacific Grove, Monterey, Seaside, Sand City, Del Rey Oaks, Salinas, the County of Monterey, and the Monterey Peninsula Airport District. The action was requested based on recommendations made in the Agency's Regional Taxi Study, which was completed in 2008 at the request of the Monterey Peninsula cities and the Monterey County Hospitality Association.

Financial Highlights

Net assets of the Agency increased by \$ 745,599 from \$ 14,386,114 on June 30, 2010, to \$ 15,131,713 on June 30, 2011, due to revenues exceeding expenses. The Agency has unassigned reserves of \$ 3,929,495 as of June 30, 2011. The Agency requires the maintenance of unassigned reserves equal to six months of operating expenditures. Of the \$ 3,929,495 in unassigned reserves, \$ 1,268,909 is reserved for six months of cash flow for the operating budget for fiscal year 11/12.

Transportation Agency for Monterey County Revenues and Expenditures

The Agency revenues during fiscal year 2010/2011 were \$ 10,958,087, consisting mostly of \$ 8,955,321 in state revenues. Other revenues included \$ 1,373,822 in federal revenues, and \$ 628,944 in local revenues.

The Agency budget separates expenditures into two types: operating and direct program. Operating expenditures include the staff's salaries and benefits, materials and services, and equipment purchases. Direct program expenditures include outside consultants, contracts, expenditures that apply to a specific work program task, such as the rail program, highway projects and bicycle and pedestrian program. The Agency expenditures for the same period included \$ 2,067,871 in operating expenditures, and \$ 8,114,675 in direct program costs.

Direct program activities are described above in the Work Program Highlights section. The major portion of the direct program costs were \$ 188,231 for Freeway Service Patrol, \$ 110,656 for Call Boxes (SAFE), \$ 643,868 for Carmel Hill project, \$198,408 for Beach Range Road improvements and \$ 6,553,895 for the rail program for the Monterey Branch Line and the Commuter Rail Extension activities.

The Agency operating expenses of \$ 2,067,871 included 83.9% for personnel costs and the remainder for materials, services, and equipment purchases. The operating expenses in fiscal year 2010/2011 were 3.0% more than the previous fiscal year.

Overall Financial Position

The overall financial position of the Agency improved during fiscal year 2010/2011, with an increase of \$ 775,541 to the total fund balance from \$ 5,296,579 to \$ 6,072,120. Federal Planning funds increased from \$ 264,446 to \$ 278,329, and Planning, Programming and Monitoring funds decreased from \$ 455,834 to \$ 207,186. The decrease in Planning, Programming and Monitoring funds was due to the agencies ability to bill more expenditures to grants and projects. The funding sources for the Agency's operating program revenues include Federal Planning Funds, State Rural Planning Assistance, Planning, Programming & Monitoring funds, Local Transportation Funds, State support for the tow truck program and the call boxes, and local contributions to congestion management activities. State and Federal grants for the direct programs such as rail, highway, and bicycle/pedestrian projects vary from fiscal year to year, depending on grant amounts.

Highlights of the Transportation Agency for Monterey County funds

In FY 10-11, the Transportation Agency for Monterey County adopted Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. GASB 54 establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for government funds. This new standard did not impact the total amount of reported fund balances but has changed the categories and terminology used to describe their components. Fund balances, presented in the governmental fund financial statements, represent the difference between assets and liabilities reported in a government fund.

Over the 12-month period from July 1, 2010, to June 30, 2011 the restrictions for the call box program increased by \$ 104,413 from \$ 896,932 to \$ 1,001,345 and the restrictions for the tow truck program increased from \$ 128,046 to \$211,834. Assignments for capital replacement remained unchanged at \$114,586. The unassigned fund balance increased by \$ 466,262 from 3,463,232 to \$ 3,929,495.

The Agency trust funds decreased their balances by a total of \$ 1,070,835 during fiscal year 2010/2011, as the local member agencies claims for previously obligated funds exceeded revenues. This resulted in the following net assets as of June 30, 2011:

◆ Local Transportation Fund	\$ 2,401,963
◆ State Transit Assistance Fund	\$ 191,586
◆ <u>Regional Surface Transportation Program</u>	<u>\$ 12,731,136</u>
 TOTAL TRUST FUNDS	 \$15,324,685

Budget Variances

The Agency's actual operating expenditures for FY2010/2011 were below the budgeted expenditures by \$ 464,563, due to savings in salaries and benefits, capital outlay and materials and services. Direct program expenditures were \$ 26,793,750 less than budgeted due to less than anticipated activity on projects such as Commuter Rail extension and Monterey Branch Line.

Long-term debt of the Transportation Agency consists of a reserve for compensated absences of employees and Other Post Employment Benefits, which had a balance on June 30, 2010 of \$ 208,290 and on June 30, 2011 of \$ 225,787.

Current Financial Issues and Concerns

Passage of Assembly Bill 2538 increased the agency's share from 3% (for small agencies) to 5% of State Transportation Improvement Program allocations for its planning activities. This change allowed for a considerable increase in Planning, Programming and Monitoring funding available for operating expenses from fiscal year 2007-2008 and beyond. Therefore, the four-year period from fiscal 07/08 through 10/11

related to PPM funding was adequate for the Agency's planning activities, but in subsequent years a substantial drop in this funding is projected. The Agency is working to reduce expenses and have an adequate reserve to cover this temporary decrease in funding.

The Agency continues to control expenditures to stay within its budget, and maintain a prudent cash reserve. Cash flow is enhanced by the implementation of an electronic fund transfer system that results in the timely transfers of state and federal grants to the Agency. Payments to consultants and contractors are closely coordinated with claims to state and federal funding sources to assure prompt reimbursement to the Agency. The Agency pays claims submitted by its local jurisdictions in a timely manner, so that local agencies have prompt access to their funds held in trust by the Transportation Agency for Monterey County.

Two of the County's major projects, the Salinas Road / State Route 1 interchange project and Airport Blvd. / US 101 interchange improvements have reached the milestone of coming under contract for construction. The largest transportation infrastructure project in the history of Monterey County, the US 101 Prunedale area safety improvements, was fully funded as of June 30, 2010 and received its funding allocation from the California Transportation Commission in August 2010. Two Highway 68 intersection projects and the Highway 1 Climbing Lane project near Carmel are fully funded and programmed for construction over the next five years. The Transportation Agency for Monterey County continues to work with the California Transportation Commission, Caltrans and the U.S. Congress to secure sufficient funding to construct its top five priority projects: US 101 San Juan Road interchange, Highway 156 widening, US 101 South County Frontage Roads, Commuter Rail Extension, and the Monterey Branch Line light rail.

The countywide traffic impact fee will provide additional funding for future roadway projects, including the US 101 Sanborn Road interchange improvements. However, further federal stimulus funds, earmarks or state bond funds are likely to be unavailable for future projects, leaving the county dependent on regional and local fees, state or federal gasoline taxes and rail new starts funding. Tolling is also being explored as a funding option in eligible corridors.

More Information

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
STATEMENT OF NET ASSETS
 June 30, 2011

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 4,406,031
Receivables	2,629,819
Prepaid expenses	11,560
Capital assets:	
Nondepreciable	9,228,475
Depreciable - net	<u>56,905</u>
 Total assets	 <u>16,332,790</u>
LIABILITIES	
Accounts payable	896,503
Accrued expenses	64,439
Deferred revenue	14,348
Noncurrent liabilities	
Due in more than one year	<u>225,787</u>
 Total liabilities	 <u>1,201,077</u>
NET ASSETS	
Invested in capital assets, net of related debt	9,285,380
Restricted:	
SAFE	1,001,345
Freeway Service Patrol	211,834
Unrestricted	<u>4,633,154</u>
 Total net assets	 <u>\$ 15,131,713</u>

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

This page intentionally left blank.

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2011

	Expenses	Charges for Services	Program Revenues Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
Transportation	\$ 10,212,488	\$ -	\$ 10,716,404	\$ -
Total governmental activities	<u>\$ 10,212,488</u>	<u>\$ -</u>	<u>\$ 10,716,404</u>	<u>\$ -</u>
General Revenues				
Investment income				
Other				
Total general revenues				
Change in net assets				
Net assets, beginning of fiscal year				
Net assets, end of fiscal year				

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

Net (Expense)
Revenue and
Changes in
Net Assets

\$ 503,916

503,916

16,451
225,232

241,683

745,599

14,386,114

\$ 15,131,713

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
 GOVERNMENTAL FUND
 BALANCE SHEET
 June 30, 2011

	<u>General Fund</u>
Assets	
Cash and investments	\$ 4,406,031
Accounts receivable	2,629,819
Prepaid expenditures	<u>11,560</u>
Total assets	<u>\$ 7,047,410</u>
Liabilities and Fund Balance	
Liabilities:	
Accounts payable	\$ 896,503
Accrued expenditures	64,439
Deferred revenue	<u>14,348</u>
Total liabilities	<u>975,290</u>
Fund Balance	
Nonspendable:	
Prepaid expenditures	11,560
Restricted:	
SAFE	1,001,345
Freeway Service Patrol	211,834
Committed:	
OPEB	85,219
Assigned:	
Commuter rail leases	2,950
Railroad leases	715,131
Capital replacement	114,586
Unassigned	<u>3,929,495</u>
Total fund balance	<u>6,072,120</u>
Total liabilities and fund balance	<u>\$ 7,047,410</u>

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
RECONCILIATION OF THE GOVERNMENTAL
FUND BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
 June 30, 2011

Total Fund Balance - Governmental Fund \$ 6,072,120

Amounts reported for governmental activities in the statement of net assets are different because:

In governmental funds, only current assets are reported. In the statement of net assets, all assets are reported, including capital assets and accumulated depreciation.

Capital assets at historical cost	\$	9,501,245	
Accumulated depreciation		<u>(215,865)</u>	
Net			9,285,380

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

Compensated absences	194,179		
OPEB obligation	<u>31,608</u>	<u>(225,787)</u>	

Total Net Assets - Governmental Activities \$ 15,131,713

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2011

	<u>General Fund</u>
Revenues:	
Federal Revenues:	
SHOPP TEA - Carmel Hill	\$ 592,297
Federal Earmark - Rail	270,085
Federal Planning (PL)	278,329
FHWA Earmark	211,192
FHWA 511 Planning	21,919
	<u>1,373,822</u>
State Revenues:	
TCRP	2,393,171
Freeway Service Patrol	232,675
SAFE	336,344
Rural Planning Assistance	395,000
Planning, Programming and Monitoring	207,186
RSTPI & RSTPP	240,299
Local Transportation Fund	908,484
TIF Branch Line	1,290,276
PTA Branch Line	2,093,782
Prop 116 Rail Bond	807,344
Caltrans PIP	48,669
CA State Parks	2,091
	<u>8,955,321</u>
Local Revenues:	
CMP	243,076
Interest	9,001
Lease revenue	225,232
Big Sur Land Trust	35,836
Air District 2766	94,245
Bike week	2,500
Miscellaneous	10,242
Cities video conferencing	1,362
Gain on investments	7,450
	<u>628,944</u>
Total revenues	<u>10,958,087</u>
Expenditures:	
Salaries and wages	1,231,828
Fringe benefits	501,440
Total personnel	1,733,268
Services and supplies	334,603
Total operating expenditures	2,067,871
Direct programs	8,114,675
Total expenditures	<u>10,182,546</u>
Excess (deficiency) of revenues over expenditures	775,541
Fund balance, beginning of fiscal year	<u>5,296,579</u>
Fund balance, end of fiscal year	<u>\$ 6,072,120</u>

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2011

Net change in fund balance - governmental fund \$ 775,541

Amounts reported for governmental activities in the statement of activities are different because:

Capital assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions to capital assets of \$5,893 is less than depreciation expense of \$18,338 in the period. (12,445)

In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This fiscal year, vacation used was less than the amount earned by \$1,835. (1,835)

In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This fiscal year, the difference between OPEB costs and actual employer contribution was: (15,662)

Change in net assets - governmental activities \$ 745,599

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2011

	<u>Private Purpose Trust Funds</u>			<u>Totals</u>
	<u>Local Transportation Fund</u>	<u>State Transit Assistance Fund</u>	<u>State Highway Account Fund</u>	
ASSETS				
Cash and investments	\$ 3,682,349	\$ 191,586	\$ 8,407,394	\$ 12,281,329
Accounts receivable	<u>2,161,800</u>		<u>4,721,314</u>	<u>6,883,114</u>
Total assets	<u>5,844,149</u>	<u>191,586</u>	<u>13,128,708</u>	<u>19,164,443</u>
LIABILITIES				
Liabilities:				
Due to other agencies	<u>3,442,186</u>		<u>397,572</u>	<u>3,839,758</u>
Total liabilities	<u>3,442,186</u>		<u>397,572</u>	<u>3,839,758</u>
NET ASSETS				
Unrestricted	<u>2,401,963</u>	<u>191,586</u>	<u>12,731,136</u>	<u>15,324,685</u>
Total net assets	<u>\$ 2,401,963</u>	<u>\$ 191,586</u>	<u>\$ 12,731,136</u>	<u>\$ 15,324,685</u>

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2011

	<u>Private Purpose Trust Funds</u>			<u>Totals</u>
	<u>Local Transportation Fund</u>	<u>State Transit Assistance Fund</u>	<u>State Highway Account Fund</u>	
Additions:				
Sales tax	\$ 13,179,764	\$ -	\$ -	\$ 13,179,764
State Highway Account funds			4,721,314	4,721,314
Interest	6,336	1,988	29,115	37,439
Gain on investments	14,820	2,094	17,682	34,596
Total revenues	<u>13,200,920</u>	<u>4,082</u>	<u>4,768,111</u>	<u>17,973,113</u>
Deductions:				
Claims paid to:				
Carmel	118,010		312,588	430,598
Del Rey Oaks	47,814			47,814
Gonzales	246,694			246,694
Greenfield	922,258		88,598	1,010,856
King City	453,285			453,285
Marina	565,750			565,750
Monterey	857,212		64,274	921,486
Pacific Grove	456,302			456,302
Salinas	4,479,362		866,538	5,345,900
Sand	8,174			8,174
Seaside	1,007,318		49,148	1,056,466
Soledad	483,372			483,372
County of Monterey	3,852,503		222,152	4,074,655
TAMC	908,484		232,977	1,141,461
Monterey - Salinas Transit		2,677,835	123,300	2,801,135
Total expenditures	<u>14,406,538</u>	<u>2,677,835</u>	<u>1,959,575</u>	<u>19,043,948</u>
Change in net assets	(1,205,618)	(2,673,753)	2,808,536	(1,070,835)
Net assets - beginning of fiscal year	3,607,581	2,865,339	9,922,600	16,395,520
Net assets - end of fiscal year	<u>\$ 2,401,963</u>	<u>\$ 191,586</u>	<u>\$ 12,731,136</u>	<u>\$ 15,324,685</u>

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. The Reporting Entity

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

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

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

B. Government-wide and Fund Financial Statements

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

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

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

C. Basis of Presentation

Government-wide Financial Statements:

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

Government-wide Financial Statements (Continued):

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

Fund Financial Statements:

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

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

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

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

Revenues -- exchange and non-exchange transactions:

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

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

Deferred revenue:

Deferred revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants received before eligibility requirements are met are recorded as deferred revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as deferred revenue.

TRANSPORTATION AGENCY FOR MONTEREY COUNTY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Expenses/expenditures:

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

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

E. Fund Accounting

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

Major Governmental Fund:

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

Fiduciary Funds:

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

Local Transportation Fund (LTF)
State Transit Assistance Fund (STA)
State Highway Account Fund (SHA)

F. Budgets

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

G. Cash and Investments

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair value at the date of the contribution. Capital assets are defined by the Agency as assets with an initial, individual cost of more than \$500 and estimated useful life in excess of two years.

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

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

I. Deferred Revenue

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

J. Long-term Obligations

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

K. Compensated Absences

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

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

L. Fund Balance Reserves and Designations

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

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

M. Estimates

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balances

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

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

O. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 54

For the fiscal year ended June 30, 2011, the Agency implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The Statement is effective for periods beginning after June 15, 2010. The objective of this Statement is to enhance 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. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Implementation of the Statement and the impact on the Agency's financial statements are explained in Note 1 – N Fund Balances.

Governmental Accounting Standards Board Statement No. 59

For the fiscal year ended June 30, 2011, the Agency implemented GASB Statement No. 59, "Financial Instruments Omnibus." The Statement is effective for periods beginning after June 15, 2010. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. Implementation of the GASB Statement No. 59, did not have an impact on the Agency's financial statements for the fiscal year ended June 30, 2011.

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2011

NOTE 2 - CASH AND INVESTMENTS

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

Investments are carried at fair value. On June 30, 2011, the Agency had the following cash and investments on hand:

Cash and investments with the County Treasurer	\$ 16,663,243
Petty cash	200
Cash in bank	<u>23,917</u>
Total cash and investments	<u>\$ 16,687,360</u>

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

Cash and investments, statement of net assets	\$ 4,406,031
Cash and investments, statement of fiduciary net assets	<u>12,281,329</u>
Total cash and investments	<u>\$ 16,687,360</u>

Investments Authorized by the Agency's Investment Policy

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

Disclosures Relating to Interest Rate Risk

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

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

Investment Type	Carrying Amount	Remaining Maturity (in Months)			
		12 Months Or Less	13-24 Months	25-60 Months	More than 60 Months
County of Monterey Treasury Investment Pool	\$ 16,663,243	\$ 16,663,243	\$ -	\$ -	\$ -
Total	<u>\$ 16,663,243</u>	<u>\$ 16,663,243</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TRANSPORTATION AGENCY FOR MONTEREY COUNTY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 2 - CASH AND INVESTMENTS (Continued)

Disclosures Relating to Credit Risk

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

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Fiscal Year End</u>		
				<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
County of Monterey Treasury Investment Pool	\$16,663,243	N/A	\$ -	\$ -	\$ -	\$ 16,663,243
Total	\$16,663,243		\$ -	\$ -	\$ -	\$ 16,663,243

Concentration of Credit Risk

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

Custodial Credit Risk

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

As of June 30, 2011, none of the Agency's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

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

Investment in County of Monterey Treasury Investment Pool

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2011, was as follows:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2011</u>
Governmental activities				
Nondepreciable capital assets:				
Right of Way	\$ 9,228,475	\$ -	\$ -	\$ 9,228,475
Total nondepreciable capital assets	<u>9,228,475</u>	<u> </u>	<u> </u>	<u>9,228,475</u>
Depreciable capital assets:				
Leasehold and improvements	24,293			24,293
Equipment	<u>242,584</u>	<u>5,893</u>	<u> </u>	<u>248,477</u>
Total depreciable capital assets	266,877	5,893		272,770
Less accumulated depreciation	<u>197,527</u>	<u>18,338</u>	<u> </u>	<u>215,865</u>
Net depreciable capital assets	<u>69,350</u>	<u>(12,445)</u>	<u> </u>	<u>56,905</u>
Net capital assets	<u>\$ 9,297,825</u>	<u>\$ (12,445)</u>	<u>\$ -</u>	<u>\$ 9,285,380</u>

NOTE 4 – LONG-TERM DEBT

Changes in long-term liabilities

The following is a summary of long-term liability activity for the fiscal year ended June 30, 2011:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Due within</u> <u>One Year</u>
Governmental activities:					
Compensated absences	\$ 192,344	\$ 1,835	\$ -	\$ 194,179	\$ -
Other Post Employment Benefits (OPEB)	<u>15,946</u>	<u>18,224</u>	<u>2,562</u>	<u>31,608</u>	<u> </u>
Governmental activities Long-term liabilities	<u>\$ 208,290</u>	<u>\$ 20,059</u>	<u>\$ 2,562</u>	<u>\$ 225,787</u>	<u>\$ -</u>

TRANSPORTATION AGENCY FOR MONTEREY COUNTY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 5 – EMPLOYEES' RETIREMENT SYSTEMS

Plan Description

The Agency contributes to the Miscellaneous Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy

Active plan members are required to contribute 7.0% of their salary (7% of monthly salary over \$133.33 if the member participates in Social Security), and the Agency is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determine the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal year 2010-2011, was 10.704% of annual payroll. The contribution requirements of the plan members are established by State statutes. The Agency's contributions to CalPERS for the fiscal years ending June 30, 2011, 2010, and 2009, were \$127,060, \$124,838, and \$128,217, respectively, and equal 100% of the required contributions for each fiscal year.

NOTE 6 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The Agency provides post-retirement medical benefits, in accordance with State statutes, to all employees retiring from the Agency and enrolled in an insurance program under the California Public Employees' Medical and Hospital Care Act (PEMHCA). The CalPERS PEMHCA Plan is a defined contribution, multiple employer, healthcare plan providing benefits to active and retired employees. The healthcare plan is administered by the California Public Employees Retirement Agency. Copies of the CalPERS annual financial report may be obtained from the Executive Office, 400 P Street, Sacramento, CA 95814.

Funding Policy

As required by the GASB Statement No. 45, an actuary will determine the Agency's Annual Required Contributions (ARC) at least once every three fiscal years. The ARC is calculated in accordance with certain parameters, and includes (1) the Normal Cost for one year, and (2) a component for amortization of the total unfunded actuarial accrued liability (UAAL) over a period not to exceed 30 years.

The GASB Statement No. 45, does not require pre-funding of OPEB benefits. Therefore, the Agency's funding policy is to continue to pay healthcare premiums for retirees as they fall due. The Agency has elected not to establish an irrevocable trust at this time.

As a PEMHCA employer, TAMC has selected the equal contribution method, where it contributes exactly the same amount for retirees as contributed toward active employee medical plan coverage. TAMC currently pays the minimum employer contribution (MEC), \$101 in 2009, for both active and retired employees. TAMC continues to pay this portion of the premium for eligible survivors of retired employees. During fiscal year 2010-2011, expenditures of \$2,562 were recognized for post-retirement health insurance contributions on a pay as you go basis.

The Agency is required to record the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of the GASB Statement No.45. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The current ARC rate is 1.6 percent of annual covered payroll.

Annual OPEB Cost

For fiscal year 2010-2011, the Agency's annual OPEB cost (expense) of \$15,662 was equal to the ARC. The Agency's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is, on the next page:

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2011

NOTE 6 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Annual OPEB Cost (Continued)

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>OPEB Cost Contributed</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$ 18,224	\$ 2,278	12.5%	\$ 15,946
June 30, 2011	\$ 18,224	\$ 2,562	14.1%	\$ 31,608

Funded Status and Funding Progress

The funded status of the plan as of the July 1, 2009 valuation, is as follows

Actuarial accrued liability (AAL)	\$ 120,494
Actuarial value of plan assets	<u> </u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 120,494</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 1,139,000
UAAL as a percentage of covered payroll	11%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with the past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to basic financial statements, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2009, actuarial valuation, the level percentage of payroll method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 3.4 percent. The actuarial value of plan assets was not calculated in this, the first actuarial valuation, as there are no assets to value. The Plan unfunded actuarial accrued liability is being amortized over a 30-year amortization period.

The Agency did not pre-fund retiree healthcare costs nor did the Agency establish an irrevocable trust for retiree healthcare costs. The Agency did establish a committed fund balance, in the amount of \$85,219. However, because the assets are not in an irrevocable trust, the \$85,219 cannot be used to reduce the actuarial accrued liability shown above. The decision not to use an irrevocable trust was made because of the current national and state economic issues and the possibility that the funds may be required to provide current services.

TRANSPORTATION AGENCY FOR MONTEREY COUNTY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 7— NET ASSETS

The government-wide and fiduciary funds financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted, and unrestricted.

Invested In Capital Assets, Net of Related Debt— This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted Net Assets— This category 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 Net Assets— This category represents net assets of the Agency, not restricted for any project or other purpose.

REQUIRED SUPPLEMENTARY INFORMATION SECTION



TRANSPORTATION AGENCY FOR MONTEREY COUNTY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final
	Original	Final		Budget Positive (Negative)
Revenues:				
Federal Revenues:				
SHOPP TEA - Carmel Hill	\$ 32,000	\$ 32,000	\$ 592,297	\$ 560,297
Federal Earmark - Rail	278,329	278,329	278,329	
Federal Planning (PL)			211,192	211,192
FHWA Earmark			270,085	270,085
FHWA 511 Planning	36,400	36,400	21,919	(14,481)
CMAQ	21,425	21,425		(21,425)
Federal NewStart	10,825,000	10,825,000		(10,825,000)
	<u>11,193,154</u>	<u>11,193,154</u>	<u>1,373,822</u>	<u>(9,819,332)</u>
State Revenues:				
TCRP	17,000,020	17,000,020	2,393,171	(14,606,849)
Freeway Service Patrol	159,879	159,879	232,675	72,796
SAFE	325,323	325,323	336,344	11,021
Rural Planning Assistance	395,000	395,000	395,000	
Planning, Programming and Monitoring	695,000	695,000	207,186	(487,814)
RSTPI & RSTPP	394,000	394,000	240,299	(153,701)
Local Transportation Fund	908,485	908,485	908,484	(1)
TIF Branch Line			1,290,276	1,290,276
PTA Branch Line	1,125,000	1,125,000	2,093,782	968,782
Prop 116 Rail Bond	4,760,000	4,760,000	807,344	(3,952,656)
Caltrans PIP	64,274	64,274	48,669	(15,605)
CA State Parks			2,091	2,091
	<u>25,826,981</u>	<u>25,826,981</u>	<u>8,955,321</u>	<u>(16,871,660)</u>
Local Revenues:				
CMP	243,076	243,076	243,076	
Interest			9,001	9,001
Lease revenue	210,000	210,000	225,232	15,232
Big Sur Land Trust			35,836	35,836
Air District 2766	18,304	18,304	94,245	75,941
Bike week	7,000	7,000	2,500	(4,500)
Miscellaneous	(73,197)	(73,197)	10,242	83,439
Cities video conferencing			1,362	1,362
Gain on investments			7,450	7,450
	<u>405,183</u>	<u>405,183</u>	<u>628,944</u>	<u>223,761</u>
Total revenues	<u>37,425,318</u>	<u>37,425,318</u>	<u>10,958,087</u>	<u>(26,467,231)</u>

continued

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final
	Original	Final		Budget Positive (Negative)
Expenditures:				
Salaries and wages	\$ 1,356,634	\$ 1,356,634	\$ 1,231,828	\$ 124,806
Fringe benefits	631,430	631,430	501,440	129,990
Total personnel	1,988,064	1,988,064	1,733,268	254,796
Services and supplies	544,370	544,370	334,603	209,767
Total operating expenditures	2,532,434	2,532,434	2,067,871	464,563
Direct Programs:				
Freeway Service Patrol (FSP)	191,167	191,167	188,231	2,936
Call Boxes (SAFE)	172,434	172,434	110,656	61,778
LTF Admin	35,000	35,000	34,530	470
Bicycle and Pedestrian	29,804	29,804	10,601	19,203
ITS	50,000	50,000		50,000
Data Collection	50,000	50,000	35,700	14,300
Carmel Hill Trail	40,000	40,000	643,868	(603,868)
Rail and FORA property	62,158	62,158	41,507	20,651
Public Involvement	170,000	170,000	84,007	85,993
Rail-Monterey Branch Line	1,125,000	1,125,000	1,274,097	(149,097)
Plans Coordination	87,000	87,000	84,646	2,354
Regional Impact Fees	3,000	3,000	4,472	(1,472)
Prunedale Improvements	20,000	20,000	9,532	10,468
RDIF Agency	10,000	10,000	28,499	(18,499)
RTIP/ Project Delivery	70,000	70,000		70,000
RTIP & EIR Update	15,000	15,000		15,000
Bike/Ped master plan direct	55,000	55,000	56,315	(1,315)
Beach range road improvements direct			198,408	(198,408)
San Juan Road			12,149	(12,149)
Commuter Rail	32,585,020	32,585,020	5,279,798	27,305,222
Branch Line Maintenance	137,842	137,842	17,659	120,183
Total Direct Programs	34,908,425	34,908,425	8,114,675	26,793,750
Total expenditures	37,440,859	37,440,859	10,182,546	27,258,313
Excess (deficiency) of revenues over expenditures	(15,541)	(15,541)	775,541	791,082
Fund balance, beginning of fiscal year	5,296,579	5,296,579	5,296,579	
Fund balance, end of fiscal year	\$ 5,281,038	\$ 5,281,038	\$ 6,072,120	\$ 791,082

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SCHEDULE OF FUNDING PROGRESS FOR POST EMPLOYMENT BENEFITS
OTHER THAN PENSIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

The following table provides required supplementary information regarding the Agency's post employment healthcare benefits.

SCHEDULE OF FUNDING PROGRESS

Valuation Date	Actuarial Asset Value	Actuarial Accrued Liability (AAL)	Unfunded Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
July 1, 2009	\$ -	\$ 120,494	\$ 120,494	0.0%	\$ 1,139,000	11%

This page intentionally left blank.

SUPPLEMENTARY INFORMATION SECTION



TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SCHEDULE OF FEDERAL HIGHWAY ADMINISTRATION FUNDS
REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Work Elements/ Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Federal Planning (PL)	\$ 278,329	\$ 278,329	\$ -
Total revenues	<u>278,329</u>	<u>278,329</u>	
Expenditures:			
101 Work program	50,000	50,000	
113 Public participation	57,133	57,133	
621 Elderly and Disabled (ADA)	10,000	10,000	
622 Regional transportation plan	40,000	40,000	
641 Regional transportation improvement program	<u>121,196</u>	<u>121,196</u>	
Total expenditures	<u>278,329</u>	<u>278,329</u>	
Excess (deficit) of revenues over expenditures	<u>\$ -</u>		<u>\$ -</u>
Federal Planning carryover, beginning of fiscal year			
Federal Planning carryover, end of fiscal year		<u>\$ -</u>	

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SCHEDULE OF SERVICE AUTHORITY FOR FREEWAYS AND EXPRESSWAYS (SAFE) FUNDS
REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Work Elements/ Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
SAFE	\$ 363,994	\$ 336,344	\$ (27,650)
Interest Recovery		1,583	1,583
Total revenues	<u>363,994</u>	<u>337,927</u>	<u>(26,067)</u>
Expenditures:			
Salaries/Fringe/Materials and services	25,000	18,121	6,879
Direct Programs	137,434	110,656	26,778
FSP Match	56,288	58,169	(1,881)
ITS Support	50,000	174	49,826
511 Support	56,601	28,942	27,659
Rideshare		3,391	(3,391)
Electric Vehicle Chargers		9,350	(9,350)
Prunedale Improvement Project		4,711	(4,711)
Total expenditures	<u>325,323</u>	<u>233,514</u>	<u>91,809</u>
Excess (deficit) of revenues over expenditures	<u>\$ 38,671</u>	104,413	<u>\$ 65,742</u>
SAFE carryover, beginning of fiscal year		<u>896,932</u>	
SAFE carryover, end of fiscal year		<u>\$ 1,001,345</u>	

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SCHEDULE OF STATE AND REGIONAL PLANNING ASSISTANCE FUNDS
REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Work Elements/ Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Rural planning assistance	\$ 395,000	\$ 395,000	\$ -
Total revenues	<u>395,000</u>	<u>395,000</u>	
Expenditures:			
101 Work program	58,057	48,695	9,362
112 Planning coordination	90,000	131,833	(41,833)
113 Public involvement	30,000	40,393	(10,393)
621 Elderly and disabled (ADA)	10,561	21,728	(11,167)
626 Congestion management program	1,110	6,622	(5,512)
641 Regional transportation improvement program	146,943	7,907	139,036
671 Corridor studies & state highways	58,329	137,822	(79,493)
Total expenditures	<u>395,000</u>	<u>395,000</u>	
Excess (deficit) of revenues over expenditures	<u>\$ -</u>		<u>\$ -</u>
State and regional planning assistance carryover, beginning of fiscal year			
State and regional planning assistance carryover, end of fiscal year		<u>\$ -</u>	

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SCHEDULE OF PLANNING, PROGRAMMING AND MONITORING FUNDS
REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Work Elements/ Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Planning, Programming and Monitoring	\$ 695,000	\$ 207,186	\$ (487,814)
Total revenues	<u>695,000</u>	<u>207,186</u>	<u>(487,814)</u>
Expenditures:			
101 Work program	8,813		8,813
102 LTF Administration	13,174	51,442	(38,268)
112 Planning coordination	172,663		172,663
113 Public involvement	21,834		21,834
231 Data collection		4,057	(4,057)
251 Regional transportation model		4,752	(4,752)
411 Document review	12,000	24,491	(12,491)
614 Bicycle/pedestrian planning		38,046	(38,046)
6145 Monterey County bike/ped master plan		13,406	(13,406)
622 Regional transportation plan	111,863	15,692	96,171
6221 Blue Print Grant	5,000	6,672	(1,672)
626 Congestion management program	46,227		46,227
634 Transit planning/Livable Communities		8,482	(8,482)
6341 Regional Taxi Study		11,410	(11,410)
641 Regional transportation improvement program	35,860		35,860
671 Corridor studies and state highways	107,671	12,141	95,530
6714 CC Commercial Flows Study		3,416	(3,416)
680 Rail planning		13,179	(13,179)
6803 Commuter rail	25,000		25,000
6806 Mtry Branch line alternative analysis	134,895		134,895
Total expenditures	<u>695,000</u>	<u>207,186</u>	<u>487,814</u>
Excess (deficit) of revenues over expenditures	<u>\$ -</u>		<u>\$ -</u>
Planning, Programming and Monitoring carryover, beginning of fiscal year		<u>-</u>	
Planning, Programming and Monitoring carryover, end of fiscal year		<u>\$ -</u>	

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SCHEDULE OF FREEWAY SERVICE PATROL
REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Work Elements/ Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Freeway service patrol	\$ 225,152	\$ 232,675	\$ 7,523
Interest Recovery		108	108
Local match (SAFE)	56,288	58,169 *	1,881
	<u>281,440</u>	<u>290,952</u>	<u>9,512</u>
Expenditures:			
Salaries/Fringe/Materials & Supplies	25,000	18,933	6,067
Direct Programs	191,167	188,231	2,936
	<u>216,167</u>	<u>207,164</u>	<u>9,003</u>
Excess (deficit) of revenues over expenditures	<u>\$ 65,273</u>	83,788	<u>\$ 18,515</u>
Freeway service patrol carryover, beginning of fiscal year		<u>128,046</u>	
Freeway service patrol carryover, end of fiscal year		<u>\$ 211,834</u>	

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SCHEDULE OF EXPENDITURES BY WORK ELEMENT
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

Work Element:	Budget	Actual	Variance Favorable (Unfavorable)
101 Work program administration operating	\$ 214,707	\$ 140,414	\$ 74,293
102 LTF administration operating	99,500	73,856	25,644
102 LTF administration direct	35,000	34,530	470
112 Planning coordination & Interagency liaison operating	274,790	179,763	95,027
112 Planning coordination & Interagency liaison direct	87,000	84,525	2,475
113 Public involvement program operating	121,283	129,856	(8,573)
113 Public involvement program direct	170,000	84,007	85,993
175 Traveler info system feasibility plan operating	61,811	50,860	10,951
177 Freeway Service Patrol operating	26,293	18,933	7,360
177 Freeway Service Patrol direct	191,167	188,231	2,936
178 SAFE operating	30,292	18,121	12,171
178 SAFE direct	172,434	110,656	61,778
1781 ITS operating	24,067	174	23,893
1781 ITS direct	50,000		50,000
179 Rideshare	25,786	3,391	22,395
231 Data collection operating	13,182	5,955	7,227
231 Data collection direct	50,000	35,700	14,300
251 Regional transportation model operating	8,589	6,767	1,822
251 Regional transportation model direct	15,000		15,000
411 Document review operating	80,133	35,470	44,663
4111 Airport land use commission	38,679	49	38,630
415 Electric vehicle charger		9,350	(9,350)
614 Bicycle/Pedestrian planning operating	66,709	61,697	5,012
614 Bicycle/Pedestrian planning direct	11,500		11,500
6142 Carmel Hill trail operating	25,504	36,425	(10,921)
6142 Carmel Hill trail direct	40,000	643,868	(603,868)
6144 Bike protection operating	8,270	1,051	7,219
6144 Bike protection direct	18,304		18,304
6145 Bike/Ped master plan operating	25,421	18,953	6,468
6145 Bike/Ped master plan direct	55,000	56,315	(1,315)
6146 Beach range road improvements operating		21,275	(21,275)
6146 Beach range road improvements direct		198,408	(198,408)
6148 Tri-County bike week		16,488	(16,488)
621 Elderly and disabled operating	44,337	43,499	838
622 Regional transportation plan operating	156,766	78,218	78,548
6221 Blue print grant operating	29,299	9,739	19,560
626 Congestion management program operating	3,919	9,407	(5,488)
626 Congestion management program direct	3,000	4,473	(1,473)
6262 RDIF Agency direct operating	98,624	77,658	20,966
6262 RDIF Agency direct	10,000	28,499	(18,499)
634 Transit planning/Livable Communities operating	45,848	12,179	33,669
6341 Regional taxi study operating		16,829	(16,829)
641 Regional trans imp plan (RTIP) operating	307,530	183,024	124,506
641 Regional trans imp plan (RTIP) direct	70,000		70,000
671 Corridor studies operating	166,000	212,641	(46,641)
6712 SR68/CHOMP operating	34,448		34,448
6714 CC commercial flows study operating	2,145	4,793	(2,648)
6715 Prunedale improvement operating	64,465	67,449	(2,984)
6715 Prunedale improvement direct	20,000	9,532	10,468
6716 San Juan road improvements direct		16,620	(16,620)
6800 Railroad operating	4,289	17,399	(13,110)
6800 Railroad direct		9,800	(9,800)
6803 Commuter rail operating	194,643	267,240	(72,597)
6803 Commuter rail direct	32,585,020	5,269,998	27,315,022
6804 Railroad leases operating	21,874	9,608	12,266
6804 Railroad leases direct	137,842	17,659	120,183
6805 Railroad Fort Ord property operating	45,774	12,629	33,145
6805 Railroad Fort Ord property direct	62,158	41,507	20,651
6806 Mtry Branch line alternative analysis operating	151,913	175,488	(23,575)
6806 Mtry Branch line alternative analysis direct	1,125,000	1,274,097	(149,097)
911 Admin Overhead		47,473	(47,473)
Total expenditures by work element	\$ 37,425,315	\$ 10,182,546	\$ 27,242,769

This page intentionally left blank.

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
LOCAL TRANSPORTATION FUND
SCHEDULE OF ALLOCATIONS BY PURPOSE
Fiscal Year Ended June 30, 2011

	<u>Pedestrian and Bicycle Sec. 99234</u>	<u>Public Transportation Other Sec. 99260 (a)</u>	<u>Special Transportation Sects. 99260.7, 99400 (c)</u>	<u>Streets and Roads Sec. 99400(a)</u>
Administration	\$ -	\$ -	\$ -	\$ -
Monterey County and Unincorporated Area	215,830	2,559,351	115,000	118,597
Cities:				
Carmel		98,854		
Del Rey Oaks		39,963		
Gonzales		220,994		
Greenfield		429,671		
King City		294,430		
Marina		471,740		
Monterey		716,094		
Pacific Grove		380,428		
Salinas		3,736,624		
Sand		7,640		
Seaside		838,431		
Soledad		418,897		
Allocations	<u>\$ 215,830</u>	<u>\$ 10,213,117</u>	<u>\$ 115,000</u>	<u>\$ 118,597</u>

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

Regional Transportation Planning Sec. 99402	Total Allocations
\$ 908,485	\$ 908,485
128,971	3,137,749
	98,854
	39,963
	220,994
	429,671
	294,430
	471,740
	716,094
	380,428
	3,736,624
	7,640
	838,431
	418,897
<u>\$ 1,037,456</u>	<u>\$ 11,700,000</u>

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
LOCAL TRANSPORTATION FUND
SCHEDULE OF CLAIMS BY PURPOSE
Fiscal Year Ended June 30, 2011

	<u>Pedestrian and Bicycle Sec. 99234</u>	<u>Public Transportation Other Sec. 99260 (a)</u>	<u>Special Transportation Sects. 99260.7, 99400 (c)</u>	<u>Streets and Roads Sec. 99400 (a)</u>
Administration	\$ -	\$ -	\$ -	\$ -
Monterey County and Unincorporated Area	349,565	3,243,118	19,993	108,597
Cities:				
Carmel		118,010		
Del Rey Oaks		47,814		
Gonzales		243,719		
Greenfield		478,584		443,674
King City		324,611		128,674
Marina		565,750		
Monterey		857,212		
Pacific Grove		456,302		
Salinas		4,479,362		
Sand		8,174		
Seaside		1,007,318		
Soledad		473,805		
Claims	<u>\$ 349,565</u>	<u>\$ 12,303,779</u>	<u>\$ 19,993</u>	<u>\$ 680,945</u>

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

Regional Transportation Planning Sec. 99402	Total Claims Paid
\$ 908,484	\$ 908,484
131,230	3,852,503
	118,010
	47,814
2,975	246,694
	922,258
	453,285
	565,750
	857,212
	456,302
	4,479,362
	8,174
	1,007,318
<u>9,567</u>	<u>483,372</u>
<u>\$ 1,052,256</u>	<u>\$ 14,406,538</u>

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
STATE TRANSIT ASSISTANCE FUND
SCHEDULE OF AMOUNTS ALLOCATED AND DISBURSED BY PURPOSE
Fiscal Year Ended June 30, 2011

	Monterey- Salinas Transit Sects. 6730(b) 6730(a) 6731(c) <u>Operating, Capital</u>	City of Greenfield Sects. 6730(a) 6730(b) <u>Capital</u>	City of Gonzales Sec. 6730(b) <u>Capital</u>	City of Soledad Sec. 6730(b) <u>Capital</u>	City of King Sec. 6730(b) <u>Capital</u>	<u>Total</u>
Allocations	<u>\$ 2,667,835</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,667,835</u>
Disbursements:						
2010-11 Claims	<u>\$ 2,667,835</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,667,835</u>
Total disbursements	<u>\$ 2,667,835</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,667,835</u>



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA

802 EAST MAIN
SANTA MARIA, CA 93454
TEL: 805.925.2579
FAX: 805.925.2147
www.mlhcpas.com

**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***

Transportation Agency for Monterey County
Monterey, California

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Transportation Agency for Monterey County as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated January 31, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Transportation Agency for Monterey County's internal control over financial reporting as a basis for designing our auditing procedures 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 Transportation Agency for Monterey County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Transportation Agency for Monterey County's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Transportation Agency for Monterey County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. As part of our audit, we tested for whether the Transportation Agency for Monterey County complied with laws, rules and regulations of the Transportation Development Act, Sections 99233.1 and 99400 (a), as amended, including Section 6666 of Title 21 of the California Administrative Code; and compliance requirements for State subvention funding as outlined by the California Division of Transportation Planning; and the allocation instructions and resolutions of the Transportation Agency for Monterey County. 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 that are required to be reported under Government Auditing Standards.

This report is intended solely for the information of the audit committee, management, and pass-through entities and is not intended and should not be used by anyone other than these specified parties.

MOSS, LEVY & HARTZHEIM LLP

Moss, Levy & Hartzheim LLP

January 31, 2012