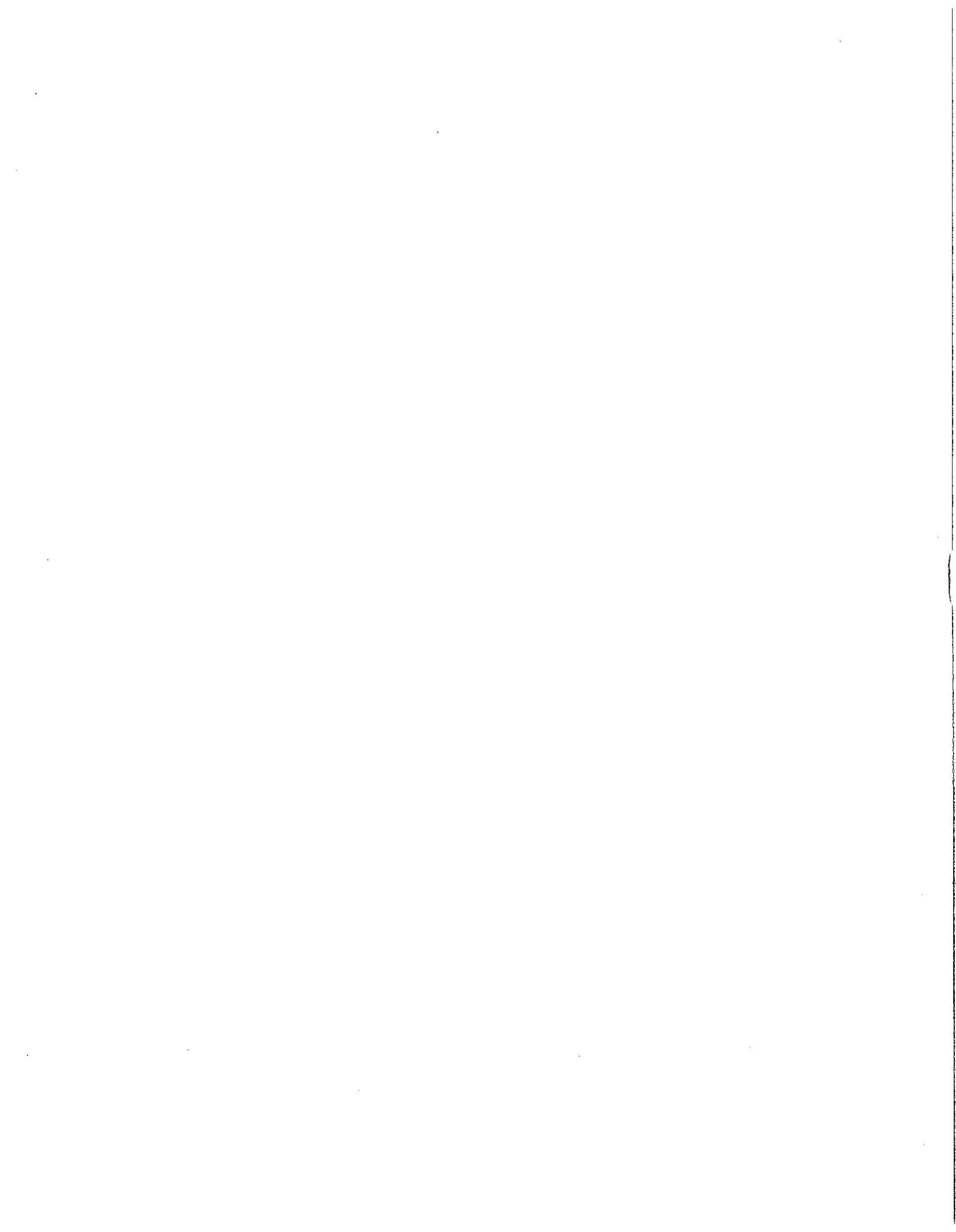


**TRANSPORTATION AGENCY FOR
MONTEREY COUNTY**

FINANCIAL STATEMENTS
June 30, 2010



TRANSPORTATION AGENCY FOR MONTEREY COUNTY

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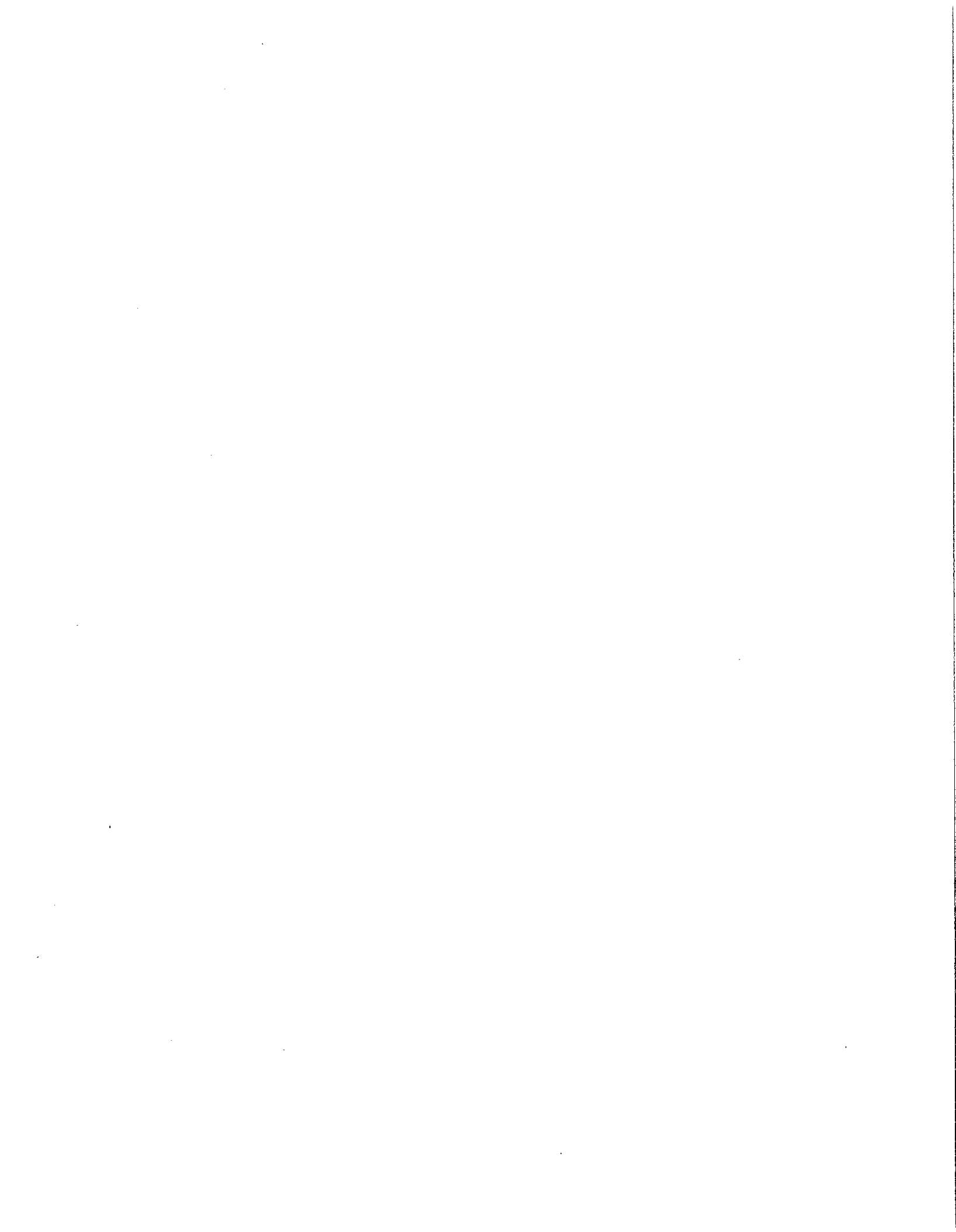
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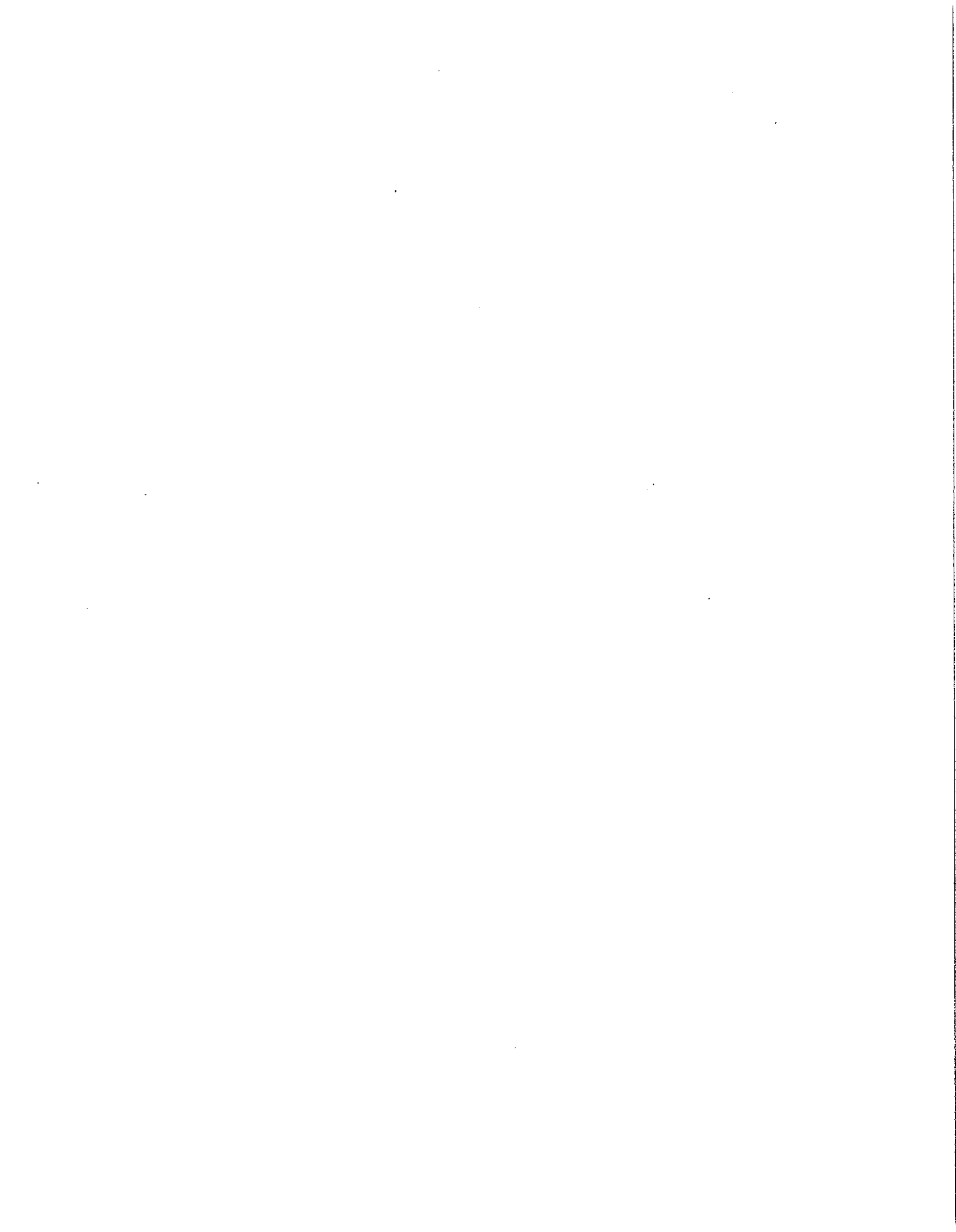
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FINANCIAL SECTION





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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, 2010, 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, 2010, 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 of the notes to basic financial statements effective July 1, 2009, the Transportation Agency for Monterey County adopted Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employees for Post Employment Benefits Other than Plan Pensions*, GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10, and the schedule of funding for post employment benefits other than pension on page 33, 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.

OFFICES: BEVERLY HILLS · SANTA MARIA

In accordance with *Government Auditing Standards*, we have also issued a report dated December 2, 2010, 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 performed for the purpose of forming opinions on the financial statements that collectively comprise the Transportation Agency for Monterey County's basic financial statements. The accompanying schedules of revenues and expenditures, allocations, and claims by purpose listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Transportation Agency for Monterey County. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

MOSS, LEVY & HARTZHEIM LLP

Moss, Levy & Hartzheim LLP

December 2, 2010

Management's Discussion and Analysis

Overview of the Transportation Agency and Audited Financial Statements for Fiscal
Year Ending June 30, 2010

General

The Transportation Agency for Monterey County (Agency) is an independent association of local officials who have joined together to solve transportation problems throughout the 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 13 full-time and 1 part-time employee. About 96% 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 2009/2010, 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, highlighted below.

The Transportation Agency continued to assist local jurisdictions in building transportation projects authorized in the federal stimulus American Recovery and Reinvestment Act of 2009. Cost savings from projects implemented with ARRA funds were utilized to expand the scope of existing construction projects and to fund new infrastructure projects. The Transportation Agency prepared necessary steps for additional rounds of stimulus funding that did not materialize.

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, and construction will take place in fiscal year 2010/2011.

Acting as the lead agency for the Carmel Hill Trail project, the Transportation Agency and its contractor Whitson Engineers completed the final design and permit for the project. The contract to construct the project was awarded in January 2010. Construction is under way and will be completed early 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.

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. With the Agency's participation in the project guidance, Caltrans completed the design and right-of-way acquisition for the Salinas Rd - State Route 1 Interchange Project. After receiving final funding approval the project was bid in January 2010 and construction started in Spring 2010. Also with the Agency participation, Caltrans completed design and right-of-way acquisition for the US 101-Airport Blvd Interchange, for which a construction contract has been awarded, and the US 101 Prunedale Improvement project. The Agency participated in the development of the draft environmental documents for the US 101 San Juan Rd. Interchange and Highway 156 Widening Projects. The project team selected a preferred alternative for each project. The Agency is working with Caltrans on the right-of-way acquisition for the US 101 San Juan Interchange and on phasing the implementation of the Highway 156 Widening Project.

Throughout the period, the Agency's 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 Agency also assisted the County Redevelopment Agency with the Highway 1-Artichoke Avenue Interchange Project. During the period, staff also participated in the recently completed 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.

The Agency's 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 began the preliminary design phase for the project. The Agency responded to a "hardship" acquisition request approved by the Federal Transit Administration, initiated work on that acquisition. The Agency also selected consultants for the right-of-way acquisition phase of the Commuter Rail Extension to Monterey County Project to assist the Agency with real estate acquisition, legal services, and appraisals.

The Monterey Branch Line Alternatives Analysis is near completion. The Transportation Agency Board selected light rail as the preferred alternative for the corridor. The environmental review is currently under way. 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. As part of this public outreach effort, the Agency had consultants prepare a computer simulation of the light rail to show the public what the light rail will look like in their community. The Agency continued to perform routine maintenance and receive lease revenue 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 the Agency's state and federal legislative advocates. The Agency's staff updated and promoted the state and federal legislative programs and prepared the state legislative bill matrix. The Staff coordinated with legislators, legislative staff and partner agencies to obtain funding from the state infrastructure bond measures. The Staff submitted requests for federal appropriations and authorization earmarks for top priority projects.

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 began to investigate feasibility of extending the Highway 101 beat limit to Airport Boulevard in Salinas from Laurel Drive due to the limited shoulder width in this area and accident rate. Partnering with the local Highway Patrol officer, the Agency held the first localized quarterly program training for tow operators.

The Agency completed installation of new call boxes on rural County roads. 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 to call answering centers providing answering services to call boxes, as the existing contract approaches expiration.

The Agency received a Caltrans Partnership Planning Grant application submitted in partnership with the Santa Cruz Regional Transportation Commission. The \$259,210 grant will allow the agencies 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. The Agency's staff began learning successful strategies used in the deployment of other 511 systems across the country and plans to draft a request for study proposals that will be released in early 2010/2011.

The Monterey County Bike Week 2010 took place on May 10 --16, and consisted of eight separate events, eight Bike-to-Work breakfast sites, and eight Bike-to-School sites throughout the County. The Agency worked closely with Association of Monterey Bay Area Governments, San Benito County and Santa Cruz County on the joint marketing effort for Bike Week events. The 2010 Bike Week campaign attracted nearly 2,100 participants in the week long series of events. There was a 50% drop in event participation due to a smaller number of participating schools and cold weather conditions. However, 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. The Agency also received an Air District grant to prepare the 2010 Monterey County Bicycle and Pedestrian Master Plan, and awarded the contract to Alta Planning + Design. The Agency distributed Bicycle and Pedestrian Master Plan surveys to local jurisdictions to collect data on jurisdiction's project implementation progress since the adoption of the 2005 Plan. 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 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 Uni-Kool Ag-Industrial Business Park in Salinas, the Notice of Preparation for Gonzales' 2010 General Plan Update, the West Broadway and Main Gate Specific Plans in Seaside, and the Carmel Sands Hotel Redevelopment project.

The Agency continued work on the Regional Development Impact Fee program, resulting in the August 2008 creation of the Regional Development Impact Fee Agency. The Agency contracted with the new Regional Development Impact Fee Agency to administer the fee program. During the period, the Agency Board approved a Final Strategic Expenditure Plan in August 2009, and a revised Final Strategic Expenditure Plan in October 2009. In addition, the Agency developed a phasing mechanism to fund portions of transportation improvement projects while still meeting the mitigation responsibilities of the program, and received a legal interpretation as to the adequacy of the fees to serve as cumulative mitigation. Periodically, the Agency also worked with our

partner jurisdictions to ensure that the regional fees were being applied accurately on new development projects.

The Transportation Agency selected a new traffic counts consultant to continue the Regional Traffic Counts Program, and collected count data in August and November 2009. This data was made available to AMBAG for inclusion in the regional travel demand model, as well as to Caltrans for work on the Corridor System Management Plan, and our partner jurisdictions. The Agency extended the contract with the traffic counts consultant to continue the counts program with this consultant for at least another two years.

The Agency completed the 2010 Regional Transportation Plan Update 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 Agency accepted AMBAG's certification of a Supplemental Environmental Impact Report completed through a joint contract for environmental review of all four regional plans.

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. In 2009-10 the Agency found that there were unmet needs that are reasonable to meet: 1) increased frequency of fixed route transit service on the Monterey –Salinas Transit Line 20 (Monterey to Marina) to 15 minutes during morning and afternoon peak travel times on weekdays and 30 minutes on Sundays between Salinas and Monterey, 2) new MST Line 25 service between Marina and Salinas serving California State University Monterey Bay during the academic year, and 3) MST service cuts due to projected 2010-11 budget shortfalls. 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.

The Transportation Agency also facilitated legal review and approval of a Joint Powers Agreement and regional ordinance changes establishing a Regional Taxi Authority including the cities of Carmel-by-the-Sea, Pacific Grove, Monterey, Seaside, Sand City, Del Rey Oaks, and Salinas, as well as the Monterey Peninsula Airport District. The City of Marina and the County of Monterey considered approval of the documents in July and August of 2010, respectively. 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 \$ 863,602 from \$ 13,522,512 on June 30, 2009, to \$ 14,386,114 on June 30, 2010, due to revenues exceeding expenses. The Agency has

undesignated reserves of \$ 3,463,233 as of June 30, 2010. The Agency requires the maintenance of undesignated reserves equal to three months of operating expenditures. Of the \$ 3,463,233 in undesignated reserves, \$ 629,223 is reserved for three months of cash flow for the operating budget for fiscal year 10/11.

Transportation Agency for Monterey County Revenues and Expenditures

The Agency revenues during fiscal year 2009/2010 were \$ 9,509,308, consisting mostly of \$ 7,095,044 in state revenues. Other revenues included \$ 1,792,219 in federal revenues, and 622,045 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 \$ 2,007,874 in operating expenditures, and \$ 6,567,519 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 \$ 188,626 for Freeway Service Patrol, \$ 193,100 for Call Boxes (SAFE), \$ 1,323,373 for Carmel Hill project and \$ 4,561,141 for the rail program for the Monterey Branch Line and the Commuter Rail Extension activities.

The Agency operating expenditures of \$ 2,007,874 included 82.7% for personnel costs and the remainder for materials, services, and equipment purchases. The operating expenditures in fiscal year 2009/2010 were 2.2% more than the previous fiscal year.

Overall Financial Position

The Transportation Agency for Monterey County along with many other public entities, had funds deposited in the County of Monterey's investment pool as of September 30, 2008. The County's portfolio included Lehman Brothers and Washington Mutual bonds, which defaulted in September 2008. On June 30, 2009, these bonds were devalued down and losses were shared among the investment pool participants according to their assets in the pool. As of June 30, 2009, adjustments to the Agency's accounts totaled \$601,605. As of June 30, 2010, the Agency recovered \$113,296 due to the partial sale of the defaulted assets.

The overall financial position of the Agency improved during fiscal year 2009/2010, with an increase of \$ 933,915 to the total fund balance from \$ 4,362,664 to \$ 5,296,579. Federal Planning funds increased from \$ 252,619 to \$ 264,446, and Planning, Programming and Monitoring funds decreased from \$ \$ 630,000 to \$ 455,834. 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 fiscal year, depending on grant amounts.

Highlights of the Transportation Agency for Monterey County funds

Over the 12-month period from July 1, 2009, to June 30, 2010, the reserves for the call box program increased by \$ 44,630 from \$ 852,302 to \$ 896,932, and the reserves for the tow truck program increased from \$ 62,329 to \$ 128,046. Designations for capital replacement remained unchanged at \$114,586. The undesignated fund balance increased by \$ 571,892 from 2,891,341 to \$ 3,463,233.

The Agency trust funds increased their balances by a total of \$ 4,549,020 during fiscal year 2009/2010, as revenues exceeded the local member agencies claims for previously obligated funds. This resulted in the following net assets as of June 30, 2010:

◆ Local Transportation Fund	\$ 3,607,581
◆ State Transit Assistance Fund	\$ 2,865,339
◆ State Highway Account Fund	\$ 9,922,600
<hr/>	
TOTAL TRUST FUNDS	\$16,395,520

Budget Variances

The Agency's actual operating expenditures for FY2009/2010 were below the budgeted expenditures by \$ 415,417, due to savings in salaries and benefits, capital outlay and materials and services. Direct program expenditures were \$ 4,467,722 less than budgeted due to less than anticipated activity on projects such as Commuter Rail extension, Monterey Branch Line and Carmel Hill Trail.

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, 2009 of \$ 157,319 and on June 30, 2010 of \$ 208,290.

Current Financial Issues and Concerns

The 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, the PPM funding is adequate for the Agency's planning activities, but in the subsequent

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, is fully-funded as of June 30, 2010, and is on schedule to receive 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 complete major highway projects, including the matching funds for the trade corridor grant of just under \$18 million for the US 101/San Juan Road Interchange project and \$22 million for design and construction of the Highway 68/Community Hospital phase 2.

The newly approved countywide traffic impact fee will provide additional funding for future roadway projects that may only be partially funded and dependent on uncertain federal and state grants for completion. If approved, the countywide transportation sales tax will also provide additional funding over time for roadway, transit, bicycle and pedestrian projects.

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, 2010

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 3,453,583
Receivables	3,714,509
Prepaid expenses	34,893
Capital assets:	
Nondepreciable	9,228,475
Depreciable - net	<u>69,350</u>
 Total assets	 <u>16,500,810</u>
LIABILITIES	
Accounts payable	1,269,158
Accrued expenses	48,834
Retentions payable	566,316
Deferred revenue	22,098
Noncurrent liabilities	
Due in more than one year	<u>208,290</u>
 Total liabilities	 <u>2,114,696</u>
NET ASSETS	
Invested in capital assets, net of related debt	9,297,825
Unrestricted	<u>5,088,289</u>
 Total net assets	 <u>\$ 14,386,114</u>

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2010

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
Transportation	\$ 8,645,706	\$ -	\$ 9,225,680	\$ -
Total governmental activities	<u>\$ 8,645,706</u>	<u>\$ -</u>	<u>\$ 9,225,680</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

\$ 579,974

579,974

56,240
227,388

283,628

863,602

13,522,512

\$ 14,386,114

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
GOVERNMENTAL FUND
BALANCE SHEET
June 30, 2010

	<u>General Fund</u>
Assets	
Cash and investments	\$ 3,453,583
Accounts receivable	3,709,330
Interest receivable	5,179
Prepaid expenditures	<u>34,893</u>
Total assets	<u>\$ 7,202,985</u>
Liabilities and Fund Balance	
Liabilities:	
Accounts payable	\$ 1,269,158
Accrued expenditures	48,834
Retentions payable	566,316
Deferred revenue	<u>22,098</u>
Total liabilities	<u>1,906,406</u>
Fund Balance	
Reserved:	
Reserved for prepaid expenditures	34,893
Reserved for SAFE	896,932
Reserved for railroad leases	573,670
Reserve for OPEB	85,219
Reserved for Freeway Service Patrol	128,046
Unreserved:	
Designated for capital replacement	114,586
Undesignated	<u>3,463,233</u>
Total fund balance	<u>5,296,579</u>
Total liabilities and fund balance	<u>\$ 7,202,985</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, 2010

Total Fund Balance - Governmental Fund \$ 5,296,579

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	\$	9,495,352	
Accumulated depreciation		<u>(197,527)</u>	
Net			9,297,825

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		192,344	
OPEB obligation		<u>15,946</u>	<u>(208,290)</u>

Total Net Assets - Governmental Activities \$ 14,386,114

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, 2010

	<u>General Fund</u>
Revenues:	
Federal Revenues:	
SHOPP TEA - Carmel Hill	\$ 1,257,447
Federal Earmark - Rail	220,829
Federal Planning (PL)	264,446
CMAQ	48,153
FHWA 511 Planning	1,344
	<u>1,792,219</u>
State Revenues:	
TCRP	63,472
Freeway Service Patrol	225,152
SAFE	336,914
Rural Planning Assistance	395,000
Planning, Programming and Monitoring	455,834
RSTPI & RSTPP	195,044
Local Transportation Fund	908,484
TIF Branch Line	2,084,683
PTA Branch Line	2,426,218
CA State Parks	4,243
	<u>7,095,044</u>
Local Revenues:	
CMP	243,078
Interest	36,167
Lease revenue	220,990
Big Sur Land Trust	9,151
Monterey Peninsula Regional Parks	66,598
Air District 2766	47
Bike week	5,500
Miscellaneous	10,898
Cities video conferencing	9,543
Gain on investments	20,073
	<u>622,045</u>
Total revenues	<u>9,509,308</u>
Expenditures:	
Salaries and wages	1,188,220
Fringe benefits	472,412
Total personnel	<u>1,660,632</u>
Services and supplies	347,242
Total operating expenditures	<u>2,007,874</u>
Direct programs	6,567,519
Total expenditures	<u>8,575,393</u>
Excess (deficiency) of revenues over expenditures	933,915
Fund balance, beginning of fiscal year	<u>4,362,664</u>
Fund balance, end of fiscal year	<u>\$ 5,296,579</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, 2010

Net change in fund balance - governmental fund	\$ 933,915
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>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 \$4,055 is less than depreciation expense of \$23,397 in the period.</p>	(19,342)
<p>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 \$35,025.</p>	(35,025)
<p>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:</p>	<u>(15,946)</u>
Change in net assets - governmental activities	<u><u>\$ 863,602</u></u>

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal Revenues:				
SHOPP	\$ 2,327,977	\$ 2,327,977	\$ 1,257,447	\$ (1,070,530)
Federal Planning (PL)	270,294	270,294	264,446	(5,848)
CMAQ	107,694	107,694	48,153	(59,541)
Federal Earmark			220,829	220,829
FHWA 511 Planning			1,344	1,344
	<u>2,705,965</u>	<u>2,705,965</u>	<u>1,792,219</u>	<u>(913,746)</u>
State Revenues:				
TCRP	4,258,000	4,258,000	63,472	(4,194,528)
Freeway Service Patrol	219,242	219,242	225,152	5,910
SAFE	396,857	396,857	336,914	(59,943)
Rural Planning Assistance	395,000	395,000	395,000	
Planning, Programming and Monitoring	662,000	662,000	455,834	(206,166)
RSTPI & RSTPP	732,071	732,071	195,044	(537,027)
State Resource Agency	500,000	500,000		(500,000)
Local Transportation Fund	908,485	908,485	908,484	(1)
TIF Branch Line			2,084,683	2,084,683
PTA Branch Line	2,250,000	2,250,000	2,426,218	176,218
CA State Parks	18,850	18,850	4,243	(14,607)
	<u>10,340,505</u>	<u>10,340,505</u>	<u>7,095,044</u>	<u>(3,245,461)</u>
Local Revenues:				
CMP	243,076	243,076	243,078	2
Interest			36,167	36,167
Lease revenue	210,000	210,000	220,990	10,990
Monterey Peninsula Regional Parks			66,598	66,598
Big Sur Land Trust	50,000	50,000	9,151	(40,849)
Air District 2766	3,276	3,276	47	(3,229)
Bike week	4,000	4,000	5,500	1,500
Miscellaneous			10,898	10,898
Cities video conferencing	3,000	3,000	9,543	6,543
Gain on investments			20,073	20,073
	<u>513,352</u>	<u>513,352</u>	<u>622,045</u>	<u>108,693</u>
Total revenues	<u>13,559,822</u>	<u>13,559,822</u>	<u>9,509,308</u>	<u>(4,050,514)</u>

continued

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final
	Original	Final		Budget Positive (Negative)
Expenditures:				
Salaries and wages	\$ 1,283,466	\$ 1,283,466	\$ 1,188,220	\$ 95,246
Fringe benefits	586,347	586,347	472,412	113,935
Total personnel	<u>1,869,813</u>	<u>1,869,813</u>	<u>1,660,632</u>	<u>209,181</u>
Services and supplies	<u>553,478</u>	<u>553,478</u>	<u>347,242</u>	<u>206,236</u>
Total operating expenditures	<u>2,423,291</u>	<u>2,423,291</u>	<u>2,007,874</u>	<u>415,417</u>
Direct Programs:				
Freeway Service Patrol (FSP)	190,623	190,623	188,626	1,997
Call Boxes (SAFE)	282,750	282,750	193,100	89,650
Bicycle and Pedestrian	11,000	11,000	9,535	1,465
Data Collection	50,000	50,000	18,700	31,300
Carmel Hill Trail	3,147,297	3,147,297	1,323,373	1,823,924
Rail and FORA property	62,158	62,158	38,979	23,179
Public Involvement	170,000	170,000	60,337	109,663
Rail-Monterey Branch Line	2,250,000	2,250,000	1,970,294	279,706
Plans Coordination	116,000	116,000	108,377	7,623
Regional Impact Fees	3,000	3,000	5,823	(2,823)
Prunedale Improvements	20,000	20,000	7,846	12,154
RDIF Agency			15,000	(15,000)
RTIP/ Project Delivery	70,000	70,000		70,000
RTIP & EIR Update	30,200	30,200	17,450	12,750
Bike/Ped master plan direct			47	(47)
Beach range road improvements direct			282	(282)
San Juan Road			9,712	(9,712)
Commuter Rail	4,494,371	4,494,371	2,590,847	1,903,524
Branch Line Maintenance	<u>137,842</u>	<u>137,842</u>	<u>9,191</u>	<u>128,651</u>
Total Direct Programs	<u>11,035,241</u>	<u>11,035,241</u>	<u>6,567,519</u>	<u>4,467,722</u>
Total expenditures	<u>13,458,532</u>	<u>13,458,532</u>	<u>8,575,393</u>	<u>4,883,139</u>
Excess (deficiency) of revenues over expenditures	101,290	101,290	933,915	832,625
Fund balance, beginning of fiscal year	<u>4,362,664</u>	<u>4,362,664</u>	<u>4,362,664</u>	
Fund balance, end of fiscal year	<u>\$ 4,463,954</u>	<u>\$ 4,463,954</u>	<u>\$ 5,296,579</u>	<u>\$ 832,625</u>

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, 2010

	Private Purpose Trust Funds			Totals
	Local Transportation Fund	State Transit Assistance Fund	State Highway Account Fund	
ASSETS				
Cash and investments	\$ 3,622,146	\$ 2,865,339	\$ 9,964,698	\$ 16,452,183
Sales tax receivable	1,773,100			1,773,100
Total assets	5,395,246	2,865,339	9,964,698	18,225,283
LIABILITIES				
Liabilities:				
Due to other agencies	1,787,665		42,098	1,829,763
Total liabilities	1,787,665		42,098	1,829,763
NET ASSETS				
Unrestricted	3,607,581	2,865,339	9,922,600	16,395,520
Total net assets	\$ 3,607,581	\$ 2,865,339	\$ 9,922,600	\$ 16,395,520

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, 2010

	Private Purpose Trust Funds			Totals
	Local Transportation Fund	State Transit Assistance Fund	State Highway Account Fund	
Additions:				
Sales tax	\$ 11,568,405	\$ 2,684,552	\$ -	\$ 14,252,957
State Highway Account funds			3,964,507	3,964,507
Interest	46,920	4,227	60,151	111,298
Gain on investments	39,935	5,643	47,646	93,224
Total revenues	<u>11,655,260</u>	<u>2,694,422</u>	<u>4,072,304</u>	<u>18,421,986</u>
Deductions:				
Claims paid to:				
Carmel	103,130			103,130
Del Rey Oaks	41,709		21,156	62,865
Gonzales	182,324			182,324
Greenfield	481,502			481,502
King City	483,449		261,000	744,449
Marina	496,479		9,911	506,390
Monterey	723,852			723,852
Pacific Grove	396,377			396,377
Salinas	3,921,104			3,921,104
Seaside	859,773			859,773
Soledad	422,952			422,952
County of Monterey	3,112,704		904,398	4,017,102
TAMC	908,484		195,044	1,103,528
Monterey - Salinas Transit		347,618		347,618
Total expenditures	<u>12,133,839</u>	<u>347,618</u>	<u>1,391,509</u>	<u>13,872,966</u>
Change in net assets	(478,579)	2,346,804	2,680,795	4,549,020
Net assets - beginning of fiscal year	4,086,160	\$ 518,535	\$ 7,241,805	11,846,500
Net assets - end of fiscal year	<u>\$ 3,607,581</u>	<u>\$ 2,865,339</u>	<u>\$ 9,922,600</u>	<u>\$ 16,395,520</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, 2010

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

A. The Reporting Entity

The Commission 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, 2010

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 revenues 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, 2010

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, 2010

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, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 45

For the fiscal year ended June 30, 2010, the Agency implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employees for Postemployment Benefits Other than Plan Pensions". The Statement is effective for periods beginning after December 15, 2008 for a Phase III government. This Statement establishes standards for measurement, recognition, and display of *other post employment benefits* (OPEB) expenses/expenditures and related liabilities (assets), note disclosures, and if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. Implementation of this Statement and the impact of the Agency's financial statements is explained in detail in Note 6, Post Employment Benefits Other Than Pensions.

Governmental Accounting Standards Board Statement No. 51

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement establishes accounting and financial reporting standards for many different types of assets that may be considered intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software. Implementation of GASB Statement No. 51, did not have an impact on the Agency's financial statements for the fiscal year ended June 30, 2010.

Governmental Accounting Standards Board Statement No. 53

In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement is intended to improve how state and local governments report information about derivative instruments financial arrangements used by governments to manage specific risks or make investments – in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements. Implementation of GASB Statement No. 53, did not have an impact on the Agency's financial statements for the fiscal year ended June 30, 2010.

Governmental Accounting Standards Board Statement No. 58

In December 2009, the GASB issued Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. The objective of this Statement is to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditor by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. Implementation of GASB Statement No. 58, did not have an impact on Agency's financial statements for the fiscal year ended June 30, 2010.

Governmental Accounting Standards Board Statement No. 57

For the fiscal year ended June 30, 2010, the Agency implemented Governmental Accounting Standards Board (GASB) Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The Statement is effective December 2009. This Statement amends Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." The requirements in the Statement allow more agent employers to use the alternative measurement method to produce actuarially based information for purposes of financial reporting. As a result of this change, the cost of compliance with the requirements of Statement No. 45 for eligible agent employers may be reduced while achieving an appropriate balance between the goals of reliable measurement of reported information and reasonable cost. Implementation of the GASB Statement No. 57, did not have an impact on the Agency's financial statements for the fiscal year ended June 30, 2010.

TRANSPORTATION AGENCY FOR MONTEREY COUNTY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2010

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, 2010, the Agency had the following cash and investments on hand:

Cash and investments with the County Treasurer	\$ 19,814,097
Cash in bank	91,669
Total cash and investments	<u>\$ 19,905,766</u>

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

Cash and investments, statement of net assets	\$ 3,453,583
Cash and investments, statement of fiduciary net assets	<u>16,452,183</u>
Total cash and investments	<u>\$ 19,905,766</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:

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13-24 Months</u>	<u>25-60 Months</u>	<u>More than 60 Months</u>
County of Monterey Treasury Investment Pool	\$ 19,814,097	\$ 19,814,097	\$ -	\$ -	\$ -
Total	<u>\$ 19,814,097</u>	<u>\$ 19,814,097</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2010

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	\$19,814,097	N/A	\$ -	\$ -	\$ -	\$ 19,814,097
Total	\$19,814,097		\$ -	\$ -	\$ -	\$ 19,814,097

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.

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, 2010

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2010, was as follows:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2010</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>9,228,475</u>
Depreciable capital assets:				
Leasehold and improvements	24,293			24,293
Equipment	<u>267,613</u>	<u>4,055</u>	<u>(29,084)</u>	<u>242,584</u>
Total depreciable capital assets	291,906			266,877
Less accumulated depreciation	<u>203,214</u>	<u>23,397</u>	<u>(29,084)</u>	<u>197,527</u>
Net depreciable capital assets	<u>88,692</u>	<u>(19,342)</u>		<u>69,350</u>
Net capital assets	<u>\$ 9,317,167</u>	<u>\$ (19,342)</u>	<u>\$ -</u>	<u>\$ 9,297,825</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, 2010:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Due within</u> <u>One Year</u>
Governmental activities:					
Compensated absences	\$ 157,319	\$ 35,025	\$ -	\$ 192,344	\$ -
Other Post Employment Benefits		<u>18,224</u>	<u>2,278</u>	<u>15,946</u>	
Governmental activities Long-term liabilities	<u>\$ 157,319</u>	<u>\$ 53,249</u>	<u>\$ 2,278</u>	<u>\$ 208,290</u>	<u>\$ -</u>

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

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 2009-2010, was 9.709% 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, 2010, 2009, and 2008, were \$124,838, \$128,217, and \$115,847, 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 2009-2010, expenditures of \$2,278 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 2009-2010, the Agency’s annual OPEB cost (expense) of \$15,946 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 of 2009-2010, on the next page:

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2010

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

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 reserve 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, 2010

NOTE 7 – NET ASSETS

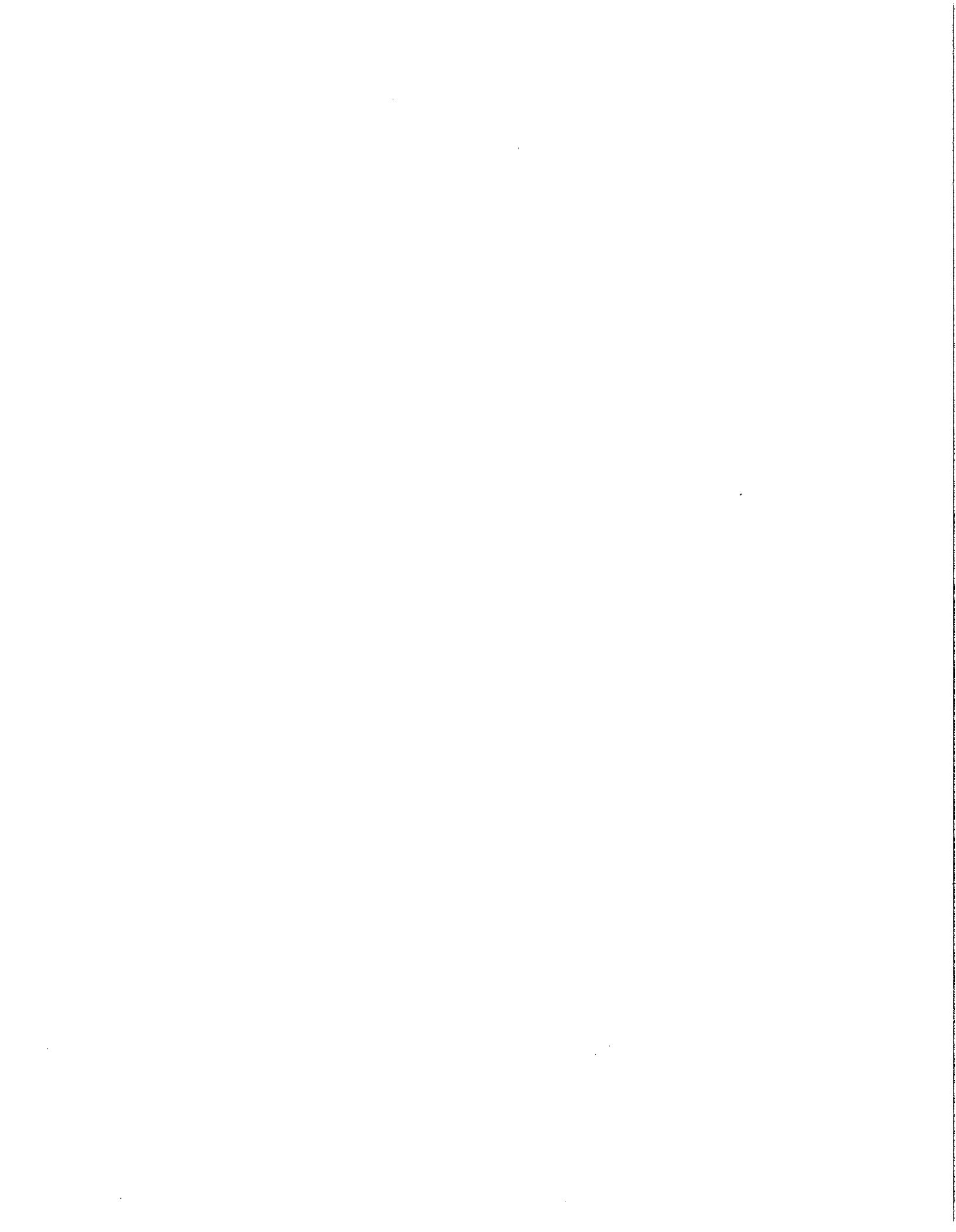
The government-wide and fiduciary funds financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted, and unrestricted.

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
SCHEDULE OF FUNDING PROGRESS FOR POST EMPLOYMENT BENEFITS
OTHER THAN PENSIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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%

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SUPPLEMENTARY INFORMATION SECTION



TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SCHEDULE OF FEDERAL HIGHWAY ADMINISTRATION FUNDS
REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (ACCRUAL BASIS)
For the Fiscal Year Ended June 30, 2010

	Work Elements/ Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Federal Planning (PL)	\$ 270,294	\$ 264,446	\$ (5,848)
Total revenues	<u>270,294</u>	<u>264,446</u>	<u>(5,848)</u>
Expenditures:			
101 Work program	44,152	44,152	
112 Planning coordination	70,000	70,000	
113 Public participation	60,000	60,000	
621 Elderly and Disabled (ADA)	5,000	5,000	
641 Regional transportation improvement program	<u>85,294</u>	<u>85,294</u>	
Total expenditures	<u>264,446</u>	<u>264,446</u>	
Excess (deficit) of revenues over expenditures	<u>\$ 5,848</u>		<u>\$ (5,848)</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, 2010

	Work Elements/ Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
SAFE	\$ 396,857	\$ 336,914	\$ (59,943)
Interest Recovery		4,265	4,265
Total revenues	<u>396,857</u>	<u>341,179</u>	<u>(55,678)</u>
Expenditures:			
Salaries/Fringe/Materials and services	25,000	37,939	(12,939)
Direct Programs	371,857	193,101	178,756
FSP Match		56,288	(56,288)
ITS Support		253	(253)
511 Support		8,968	(8,968)
Total expenditures	<u>396,857</u>	<u>296,549</u>	<u>100,308</u>
Excess (deficit) of revenues over expenditures	<u>\$ -</u>	44,630	<u>\$ 44,630</u>
SAFE carryover, beginning of fiscal year		<u>852,302</u>	
SAFE carryover, end of fiscal year		<u>\$ 896,932</u>	

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SCHEDULE OF STATE AND REGIONAL PLANNING ASSISTANCE FUNDS
REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (ACCRUAL BASIS)
For the Fiscal Year Ended June 30, 2010

	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	75,000	14,508	60,492
112 Planning coordination	20,000	96,959	(76,959)
113 Public involvement	80,000	30,380	49,620
621 Elderly and disabled (ADA)	48,750	7,998	40,752
622 Regional transportation plan	40,000	81,559	(41,559)
626 Congestion management program	1,110	2,717	(1,607)
641 Regional transportation improvement program	90,000	42,608	47,392
671 Corridor studies & state highways	40,140	118,271	(78,131)
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, 2010

	Work Elements/ Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Planning, Programming and Monitoring	\$ 662,000	\$ 455,834	\$ (206,166)
Total revenues	<u>662,000</u>	<u>455,834</u>	<u>(206,166)</u>
Expenditures:			
101 Work Program	8,813		8,813
102 LTF Administration	32,201	57,530	(25,329)
112 Planning coordination	192,702		192,702
113 Public participation	59,386		59,386
622 Regional transportation plan	92,584	30,727	61,857
6221 Blue Print Grant		14,628	(14,628)
626 Congestion management program operating	27,200	639	26,561
634 Transit planning/Livable Communities		10,598	(10,598)
6341 Regional Taxi Study		40,207	(40,207)
641 Regional transportation improvement program	18,018	63,243	(45,225)
671 Corridor studies and state highways	131,094	109,742	21,352
6714 CC Commercial Flows Study		2,537	(2,537)
680 Rail planning	100,002	9,491	90,511
6801 Rail Grade Crossings		107	(107)
6803 Commuter Rail		62,334	(62,334)
6806 Branch Line Alternative		54,051	(54,051)
Total expenditures	<u>662,000</u>	<u>455,834</u>	<u>206,166</u>
Excess (deficit) of revenues over expenditures	<u>\$ -</u>		<u>\$ -</u>
Planning, Programming and Monitoring carryover, beginning of fiscal year		-	
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 (ACCRUAL BASIS)
For the Fiscal Year Ended June 30, 2010

	Work Elements/ Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Freeway service patrol	\$ 219,242	\$ 225,152	\$ 5,910
Interest Recovery		291	291
Local match (SAFE)		56,288 *	56,288
Total revenues	<u>219,242</u>	<u>281,731</u>	<u>62,489</u>
Expenditures:			
Salaries/Fringe/Materials & Supplies	25,000	27,389	(2,389)
Direct Programs	<u>194,242</u>	<u>188,626</u>	<u>5,616</u>
Total expenditures	<u>219,242</u>	<u>216,015</u>	<u>3,227</u>
Excess (deficit) of revenues over expenditures	<u>\$ -</u>	65,716	<u>\$ 65,716</u>
Freeway service patrol carryover, beginning of fiscal year		<u>62,330</u>	
Freeway service patrol carryover, end of fiscal year		<u>\$ 128,046</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 (ACCRUAL BASIS)
For the Fiscal Year Ended June 30, 2010

Work Element:	Budget	Actual	Variance Favorable (Unfavorable)
101 Work program administration operating	\$ 133,813	\$ 91,621	\$ 42,192
102 LTF administration operating	75,201	64,702	10,499
112 Planning coordination & Interagency liaison operating	282,702	252,761	29,941
112 Planning coordination & Interagency liaison direct	116,000	108,377	7,623
113 Public involvement program operating	199,386	131,188	68,198
113 Public involvement program direct	170,000	60,337	109,663
175 Traveler info system feasibility plan operating		10,312	(10,312)
177 Freeway Service Patrol operating	51,541	27,389	24,152
177 Freeway Service Patrol direct	190,623	188,626	1,997
178 SAFE operating	60,435	37,939	22,496
178 SAFE direct	282,750	193,100	89,650
1781 ITS operating	18,399	253	18,146
231 Data collection operating	22,141	5,525	16,616
231 Data collection direct	50,000	18,700	31,300
251 Regional transportation model operating	9,200	2,850	6,350
411 Document review operating	62,939	76,281	(13,342)
614 Bicycle/Pedestrian planning operating	116,807	88,602	28,205
614 Bicycle/Pedestrian planning direct	11,000	9,535	1,465
6142 Carmel Hill trail operating	35,227	48,528	(13,301)
6142 Carmel Hill trail direct	3,147,297	1,323,373	1,823,924
6143 Fort Ord Dunes State Park operating		41	(41)
6144 Bike protection operating		1,294	(1,294)
6145 Bike/Ped master plan operating		9,713	(9,713)
6145 Bike/Ped master plan direct		47	(47)
6146 Beach range road improvements operating		1,017	(1,017)
6146 Beach range road improvements direct		282	(282)
621 Elderly and disabled operating	68,247	19,636	48,611
622 Regional transportation plan operating	189,667	130,349	59,318
622 Regional transportation plan direct	30,200	17,450	12,750
6221 Blue print grant operating	45,429	14,628	30,801
626 Congestion management program operating		4,256	(4,256)
626 Congestion management program direct	3,000	5,823	(2,823)
6262 RDIF Agency direct operating	150,858	78,987	71,871
6262 RDIF Agency direct		15,000	(15,000)
634 Transit planning/Livable Communities operating	59,119	17,255	41,864
6341 Regional taxi study operating		42,616	(42,616)
641 Regional trans imp plan (RTIP) operating	193,312	203,091	(9,779)
641 Regional trans imp plan (RTIP) direct	70,000		70,000
671 Corridor studies operating	174,509	248,788	(74,279)
6712 SR68/CHOMP operating	77,649	88	77,561
6714 CC commercial flows study operating		3,065	(3,065)
6715 Prunedale improvement direct	20,000	7,846	12,154
6716 San Juan road improvements direct		9,712	(9,712)
6800 Railroad operating	16,291	9,491	6,800
6801 Railroad crossing operating	2,417	107	2,310
6803 Commuter rail operating	193,393	190,629	2,764
6803 Commuter rail direct	4,494,371	2,590,847	1,903,524
6804 Railroad leases operating	12,691	6,579	6,112
6804 Railroad leases direct	137,842	9,191	128,651
6805 Railroad Fort Ord property operating	49,950	12,143	37,807
6805 Railroad Fort Ord property direct	62,158	38,979	23,179
6806 Mtry Branch line alternative analysis operating	121,968	180,252	(58,284)
6806 Mtry Branch line alternative analysis direct	2,250,000	1,970,294	279,706
911 Admin Overhead		(4,102)	4,102
Total expenditures by work element	<u>\$ 13,458,532</u>	<u>\$ 8,575,393</u>	<u>\$ 4,883,139</u>

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TRANSPORTATION AGENCY FOR MONTEREY COUNTY
LOCAL TRANSPORTATION FUND
SCHEDULE OF ALLOCATIONS BY PURPOSE
Fiscal Year Ended June 30, 2010

	Pedestrian and Bicycle Sec. 99234	Public Transportation Other Sec. 99260 (a)	Special Transportation Sects. 99260.7, 99400 (c)	Streets and Roads Sec. 99400(a)
Administration	\$ -	\$ -	\$ -	\$ -
Monterey County and Unincorporated Area		1,434,496	362,363	1,033,800
Cities:				
Carmel		105,661		
Del Rey Oaks		42,458		
Gonzales			132,607	93,773
Greenfield		36,000	260,845	1,133,718
King City		59,931	178,536	300,964
Marina		500,281		
Monterey		765,178		
Pacific Grove		403,753		
Salinas		3,937,789		
Seaside		892,316		
Soledad		50,000	243,793	440,000
Allocations	<u>\$ -</u>	<u>\$ 8,227,863</u>	<u>\$ 1,178,144</u>	<u>\$ 3,002,255</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
128,184	2,958,843
	105,661
	42,458
2,978	229,358
11,002	1,441,565
11,347	550,778
	500,281
	765,178
	403,753
	3,937,789
	892,316
<u>267,211</u>	<u>1,001,004</u>
<u>\$ 1,329,207</u>	<u>\$ 13,737,469</u>

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
LOCAL TRANSPORTATION FUND
SCHEDULE OF CLAIMS BY PURPOSE
 Fiscal Year Ended June 30, 2010

	Pedestrian and Bicycle Sec. 99234	Public Transportation Other Sec. 99260 (a)	Special Transportation Sects. 99260.7, 99400 (c)	Streets and Roads Sec. 99400 (a)
Administration	\$	\$ -	\$ -	\$ -
Monterey County and Unincorporated Area	53,052	1,436,405	467,243	1,027,820
Cities:				
Carmel		103,130		
Del Rey Oaks		41,709		
Gonzales			132,607	46,739
Greenfield		75,465	260,845	139,871
King City		20,982	178,536	280,000
Marina		496,479		
Monterey		723,852		
Pacific Grove		396,377		
Salinas		3,921,104		
Seaside		859,773		
Soledad			243,793	169,502
Claims	<u>\$ 53,052</u>	<u>\$ 8,075,276</u>	<u>\$ 1,283,024</u>	<u>\$ 1,663,932</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
128,184	3,112,704
	103,130
	41,709
2,978	182,324
5,321	481,502
3,931	483,449
	496,479
	723,852
	396,377
	3,921,104
	859,773
<u>9,657</u>	<u>422,952</u>
<u>\$ 1,058,555</u>	<u>\$ 12,133,839</u>

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
STATE TRANSIT ASSISTANCE FUND
SCHEDULE OF AMOUNTS ALLOCATED AND DISBURSED BY PURPOSE
Fiscal Year Ended June 30, 2010

	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	\$ -	\$ -	\$ -	\$ 100,000	\$ -	\$ 100,000
Disbursements:						
2009-10 Claims	\$ 347,618	\$ -	\$ -	\$ -	\$ -	\$ 347,618
Total disbursements	\$ 347,618	\$ -	\$ -	\$ -	\$ -	\$ 347,618



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**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, 2010, and have issued our report thereon dated December 2, 2010. 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

December 2, 2010