

**TRANSPORTATION AGENCY FOR  
MONTEREY COUNTY**

**FINANCIAL STATEMENTS**  
June 30, 2013



**TRANSPORTATION AGENCY FOR MONTEREY COUNTY**  
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 June 30, 2013

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**FINANCIAL SECTION**





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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Transportation Agency for Monterey County  
Salinas, California

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Transportation Agency for Monterey County (Agency), as and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Transportation Agency for Monterey County, as of June 30, 2013, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

### *Change in Accounting Principles*

As discussed in note 1 to the basic financial statements effective July 1, 2012, the Transportation Agency for Monterey County adopted Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, Statement No. 61, *The Financial Reporting Entity: Omnibus*, Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 3-10, budgetary comparison information on page 33, and the schedule of funding progress for the Post Employment Benefits Other than Pensions on page 35, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The budgetary, allocation, and claims schedules, are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary, allocation, and claims schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information section is fairly stated in all material respects in relating to the basic financial statements as a whole.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2013, on our consideration of the Transportation Agency for Monterey County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

*Moss, Remy & Halzheim LLP*

Santa Maria, CA  
December 13, 2013

# Management's Discussion and Analysis

Overview of the Transportation Agency and Audited Finances for Fiscal Year Ending  
June 30, 2013

## **General**

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

The Board of Directors sets policy and oversees a professional staff of 13 full-time and 2 part-time employees. About 86% 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 (FY) 2012/2013, the Transportation Agency for Monterey County undertook a wide variety of programs focusing on regional transportation planning, acting as the designated Regional Transportation Planning Agency, the Local Transportation Commission, the Congestion Management Agency, and the Service Authority for Freeways and Expressways for the Monterey County area. The Agency's activities are described in detail in the Annual Work Program, and highlighted below.

The Agency underwent a goal-setting session in early 2011 and set the following as its top priority projects for the next ten years: US 101 San Juan Road interchange, Highway 156 widening, US 101 South County Frontage Roads, local road/street improvements, Salinas Rail Extension, and Monterey Branch Line light rail. In late 2012, this list was updated to include bus replacements as another priority.

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

*Your Town* public information television program. The Agency also runs a community outreach program for its construction projects – this includes sending out regular updates about road construction activities using traditional and social media.

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

- Salinas Road – Highway 1 interchange: Completion of project construction.
- US 101 Prunedale Improvement Project: Continuation of project construction.
- US 101 San Juan Road interchange: Construction began in early 2013.
- Highway 156 widening: The environmental document was finalized in April 2013. The Agency is actively investigating alternative funding sources, including a tolling option, to construct the project. A phased approach to construction was also evaluated. The Agency conducted a tolling traffic and revenue study, which was jointly funded by Caltrans. The results of the study indicated tolling to finance construction of the Highway 156 widening project could be feasible. The Agency Board directed staff to work with Caltrans to initiate a Supplemental Environmental Impact Report to evaluate the impacts of instituting tolling to finance the Highway 156 widening project.

The lead role for the Transportation Agency includes participation on the project development team, identification and securing of project funding, coordination with local agencies and community members, and assistance or in some cases taking the lead on community outreach and information and media relations.

Throughout the period, Agency staff assisted the Monterey County Public Works Department on project development coordination on the Highway 1 Truck Climbing Lane project in Carmel, and intersection projects on the Monterey-Salinas Highway (Route 68). The County is finalizing the environmental review phase and moving into the final design stage of the Corral De Tierra Intersection improvements at Route 68 and the project is scheduled to start construction in 2015. Staff also assisted the City of Marina on project development coordination for improvements at the Highway 1/Imjin Road Interchange, and worked with Caltrans and the City of Salinas on preliminary design of improvements at the Highway 101/Sanborn Rd Interchange.

Agency staff continued planning and environmental work on the Monterey Branch Line and Salinas Rail Extension projects. For the Salinas Rail Extension project, the Agency coordinated meetings with partner agencies and continued coordination with the Federal Transit Administration (FTA) on the federal environmental review. In response to FTA concerns, the Agency approved a state-only funded “Kick Start” project to pursue a “Minimum Operable Segment” of service to Salinas with improvements at Gilroy for the near term, deferring station construction at Pajaro/ Watsonville and Castroville until federal or other funding can be secured. The Agency continued to negotiate the acquisition of a second parcel in Salinas under a “hardship” finding approved by the Federal Transit Administration.

The Monterey Branch Line Alternatives Analysis and preliminary environmental review is near completion. Staff continued to include the light rail into their corridor plans and to develop policies and practices that will optimize the land use and improve the environment around the light rail stations.

Staff also continued discussions with the California American Water on locating a water pipeline in the Branch Line right-of-way, and completed an appraisal for an easement. The City of Sand City and the Agency discussed the possibility of an easement for California Avenue, and completed an easement appraisal. The Agency continued to perform routine maintenance and receive lease revenues from the Monterey Branch Line right-of-way.

The Agency continued to work with state and federal legislators on transportation planning and funding issues, in coordination with Agency's state and federal legislative advocates. Much of this work focused on implementation of the new federal MAP-21 authorization bill and communicating with state and federal representatives about the Rail Extension to Salinas project. Agency staff monitored legislation, updated and promoted the state and federal legislative programs, prepared and updated the state legislative bill list, and wrote letters of support and opposition as appropriate.

The Agency continued to administer the Transportation for Livable Communities Transit-Oriented Development Incentive Program to assure that projects are proceeding according to the approved timelines.

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. A solicitation for the local Freeway Service Patrol tow truck operator contract was conducted and a new local contractor was selected to start providing the service on 7/1/2013. To reduce impacts through the construction zones, additional weekend tow truck assistance was contracted for between Highway 101/156 Interchange to San Juan Road, with funding from the Prunedale Improvement Project and the San Juan Road Interchange Project. Partnering with the local Highway Patrol officer, the Agency continued to hold localized quarterly training for tow truck operators.

The Agency continued to administer the Monterey County call box motorist assistance program. The Agency manages and monitors the contract with and performance of the call center.

The Agency continues work with the Santa Cruz Regional Transportation Commission to prepare a comprehensive Monterey Bay Area 511 Traveler Information System Feasibility and Implementation Study. Consultant and staff work on the proposal continued throughout the year, focusing on financing and features of a proposed system.

The Agency continued bicycle planning efforts to improve the safety of bicyclists and pedestrians in Monterey County. These activities included the use of the Bicycle

Facilities Service Request Forms and distribution of bike maps for Monterey County when requested by the public. The Agency also assisted agencies in funding other bicycle and pedestrian projects, including the Castroville crossing project, the Moss Landing Sanctuary Scenic Trail project, the Imjin Parkway Class II bicycle lane project, and Davis Road Class II bike lane project. As part of its complete streets effort, the Agency initiated planning for bicycle and pedestrian improvements to provide regional linkages to the Carmel area.

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 Fort Ord Reuse Authority's Base Reuse Plan Reassessment Document, the County of Monterey's Draft Environmental Impact Report for Ferrini Ranch, and Sand City's Draft Environmental Impact Report for the Collections Resort.

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

The Agency continued participating with the Monterey Bay Electric Vehicle Alliance, a public-private partnership to plan and facilitate the adoption of electric vehicles in the tri-county region. The Agency partnered with the International Brotherhood of Electrical Workers Local 234 to receive an Air District grant for the purchase and installation of seven charging stations and worked to finalize the list of locations. The Agency also received a grant that allowed the installation of an electric vehicle charging station at its offices.

The Agency continued its update of the Regional Transportation Plan in coordination with the Association of Monterey Bay Area Governments, the Santa Cruz County Regional Transportation Commission, and the San Benito Council of Governments. The update is being undertaken to comply with California Senate Bill 375 (SB 375) requirements that projected regional greenhouse gas emissions associated with implementation of regional transportation plans fall within targets adopted by the Air Resources Control Board for the region. The Agency coordinated with its regional planning partners to implement the scope of work for Strategic Growth Council grant funds to prepare the transportation component of the Sustainable Communities Strategy required by SB 375. As part of the scope of work, the Agency undertook a countywide effort to identify complete streets projects and prepare guidelines for implementing complete streets projects. An analysis of regional gaps for active transportation modes in the Carmel area was initiated and a telephone survey collecting public opinions on regional transportation preferences and sustainable communities' strategies was also completed using Strategic Growth Council grant funds. The Agency also prepared and approved a draft policy element for the Regional Transportation Plan update, a

coordinated fund estimate for the Financial Element included in the plan, and worked with member agencies to prepare a draft project list. The Agency coordinated with AMBAG to evaluate different scenarios for funding transportation projects, as well as undertaking public outreach activities to solicit public comments on the project list and scenarios.

The Agency continued to administer Transportation Development Act funds in accordance with state law, coordinating with the Monterey-Salinas Transit Mobility Advisory Committee (the designated Social Services Transportation Advisory Council for Monterey County), holding public hearings regarding unmet transit needs, and adopting an unmet transit needs finding. In 2013, the Agency found that there were unmet transit needs, but no unmet needs that were reasonable to meet. The Agency approved Local Transportation Fund allocations for countywide transit services consistent with the unmet needs finding.

Furthermore, the Agency administered and monitored delivery of projects funded by the Transportation Development Act Article 3 bicycle/pedestrian (TDA 2%) account. Staff prepared agendas for and held meetings of the Bicycle and Pedestrian Facilities Advisory Committee to discuss transportation issues and solicit input for programming future TDA funds to projects over the next three years.

In 2012/13, the Agency coordinated the regional call for projects for the Federal Transit Administration Section 5310 grant program for transportation project serving the elderly and people with disabilities. The Agency accepted, scored and submitted scoring documentation to Caltrans for the application cycle.

### **Financial Highlights**

Net Position of the Agency increased from \$17,573,111 on June 30, 2012, to \$18,751,694 on June 30, 2013, due to revenues exceeding expenses and the acquisition of properties for the Salinas Rail Extension project. The Agency has unassigned reserves of \$5,118,184 as of June 30, 2013. The Agency requires the maintenance of unassigned reserves equal to six months of operating expenditures. Of the \$5,118,184 in unassigned reserves, \$1,260,354 is reserved for six months of cash flow for the operating budget for FY 2013/2014.

### **Transportation Agency for Monterey County Revenues and Expenditures**

The Agency revenues during FY 2012/2013 were \$4,305,751, consisting primarily of \$3,439,800 in state funds. Other revenues included \$285,154 in federal funds, and \$580,797 in local funds.

The Agency budget separates expenditures into two types: operating and direct program. Operating expenditures include the staff's salaries and benefits, materials and services, and equipment purchases. Direct program expenditures include outside consultants, contracts, expenditures that apply to a specific work program task, such as the rail program, highway

projects and bicycle and pedestrian program. The Agency expenditures for the same period included \$1,972,261 in operating expenditures, and \$1,167,493 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 \$192,941 for Freeway Service Patrol, \$104,202 for Call Boxes (SAFE), and \$354,091 in rail program expenditures for the Salinas Rail Extension activities.

The Agency operating expenses of \$1,972,261 included 82.9% for personnel costs and the remainder for materials, services, and equipment purchases. The operating expenses in FY 2012/2013 were 8.2% less than the previous fiscal year.

### **Overall Financial Position**

The overall financial position of the Agency improved during FY 2012/2013, with the total fund balance increasing from \$6,693,157 to \$7,859,154. Federal Planning funds increased from \$203,175 to \$257,185, and Planning, Programming and Monitoring funds increased from \$ 401,605 to \$599,194. The funding sources for the Agency's operating program include Federal Planning Funds, State Rural Planning Assistance, Planning, Programming & Monitoring funds, Local Transportation Funds, State support for the tow truck program and the call boxes, and local contributions to congestion management activities. State and Federal grants for the direct programs such as rail, highway, and bicycle/pedestrian projects vary from fiscal year to year, depending on the project activities.

### **Highlights of the Transportation Agency for Monterey County funds**

In FY 2012/2013, the Transportation Agency for Monterey County continued to follow the requirements of Governmental Accounting Standards Board (GASB) Statement No 54, Fund Balance Reporting and Governmental Fund Type Definitions. GASB 54 establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for government funds. Fund balances, presented in the governmental fund financial statements, represent the difference between assets and liabilities reported in a government fund.

Over the 12-month period from July 1, 2012, to June 30, 2013 the reserves for the call box program increased, from \$1,030,419 to \$1,161,486. The reserves for the tow truck program increased from \$297,565 to \$354,753. Designations for capital replacement remained unchanged at \$114,586. The undesignated fund balance increased from \$4,252,976 to \$5,118,184.

The Agency trust funds decreased balances by a total of \$1,715,149 during FY 2012/2013, as the local member agencies claims for previously-obligated funds were more than the revenues. This resulted in the following net position as of June 30, 2013:

◆ Local Transportation Fund	\$ 3,337,903
◆ State Transit Assistance Fund	317
◆ <u>Regional Surface Transportation Program</u>	<u>14,816,084</u>
 TOTAL TRUST FUNDS	 \$18,154,304

### **Budget Variances**

The Agency's actual operating expenditures for FY 2012/2013 were below the budgeted expenditures by \$668,066, due to savings in salaries and benefits, capital outlay and materials and services. Direct program expenditures were \$9,081,720 less than budgeted due to less than anticipated activity on certain projects, primarily due to delays in federal approvals for the Salinas Rail Extension and Monterey Branch Line projects.

Long-term debt of the Transportation Agency consists of a reserve for compensated absences of employees, CalPERS side fund and Other Post-Employment Benefits, which had a balance on June 30, 2013 of \$331,115.

### **Current Financial Issues and Concerns**

The biggest risk to the agency continues to be a reduction in federal and state planning funds for an extended period of time or activities being ruled as ineligible. The Association of Monterey Bay Area Governments reduced the amount of Federal Highway Planning Funds provided to the Agency from approximately \$280,000 in past years to \$100,000 in FY 2013/2014. The Agency is working to reduce expenses should these decreases be permanent, and has an adequate reserve to cover a temporary decrease in funding. Additionally, since Regional Surface Transportation Program funds have been allocated to the US 101/San Juan Road interchange project, future interest funds from this program will not be reliable. As a result, the annual report, public outreach, program management and legislative costs in the future years will need to be reduced or funds will need to be allocated from another yet to be identified funding source.

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.

The Transportation Agency for Monterey County continues to work with the California Transportation Commission, Caltrans and the U.S. Congress to secure sufficient funding to construct its top six priority projects: Highway 156 widening/improvements, US 101 South County Frontage Roads, Local Street and Road Maintenance, Salinas Rail Extension, the Monterey Branch Line light rail and bus replacements.

The countywide traffic impact fee will provide additional funding for future regional roadway projects. However, additional federal stimulus funds, earmarks or state bond funds are likely to be unavailable for future projects, leaving the county dependent on regional and local fees, state and federal gasoline taxes and related funding. Tolling is also being explored as a funding option in the Highway 156 corridor, and the Agency supports a reduced threshold for the approval of local transportation sales taxes.

### **More Information**

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY  
 STATEMENT OF NET POSITION  
 June 30, 2013

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	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 6,792,035
Receivables	1,423,049
Prepaid expenses	13,634
Capital assets:	
Nondepreciable	11,166,475
Depreciable - net	<u>57,180</u>
 Total assets	 <u>19,452,373</u>
<b>LIABILITIES</b>	
Accounts payable	279,675
Accrued expenses	56,102
Unearned revenue	33,787
Noncurrent liabilities	
Due in more than one year	<u>331,115</u>
 Total liabilities	 <u>700,679</u>
<b>NET POSITION</b>	
Net investment in capital assets	11,223,655
Restricted:	
SAFE	1,161,486
Freeway Service Patrol	354,753
Unrestricted	<u>6,011,800</u>
 Total net position	 <u>\$ 18,751,694</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, 2013

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	Expenses	Charges for Services	Program Revenues Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
Transportation	\$ 3,127,168	\$ -	\$ 4,039,570	\$ -
Total governmental activities	\$ 3,127,168	\$ -	\$ 4,039,570	\$ -

General Revenues

Investment income  
 Other

Total general revenues

Change in net position

Net position, beginning of fiscal year

Prior-period adjustment

Net position, beginning of fiscal year restated

Net position, end of fiscal year

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

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Net (Expense)  
Revenue and  
Changes in  
Net Position

\$ (912,402)

(912,402)

25,731  
240,450

266,181

1,178,583

15,753,285

1,819,826

17,573,111

\$ 18,751,694

TRANSPORTATION AGENCY FOR MONTEREY COUNTY  
GOVERNMENTAL FUND  
BALANCE SHEET  
June 30, 2013

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	<u>General Fund</u>
<b>Assets</b>	
Cash and investments	\$ 6,792,035
Accounts receivable	1,423,049
Prepaid expenditures	<u>13,634</u>
Total assets	<u>\$ 8,228,718</u>
<b>Liabilities and Fund Balance</b>	
<b>Liabilities:</b>	
Accounts payable	\$ 279,675
Accrued expenditures	56,102
Unearned revenue	<u>33,787</u>
Total liabilities	<u>369,564</u>
<b>Fund Balance</b>	
Nonspendable:	
Prepaid expenditures	13,634
Restricted:	
SAFE	1,161,486
Freeway Service Patrol	354,753
Committed:	
OPEB	85,219
Assigned:	
Commuter rail leases	14,250
Railroad leases	997,042
Capital replacement	114,586
Unassigned	<u>5,118,184</u>
Total fund balance	<u>7,859,154</u>
Total liabilities and fund balance	<u>\$ 8,228,718</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 POSITION**  
**June 30, 2013**

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Total Fund Balance - Governmental Fund \$ 7,859,154

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

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

Capital assets at historical cost	\$	11,458,692	
Accumulated depreciation		<u>(235,037)</u>	
Net			11,223,655

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

Compensated absences		157,446	
PERS side fund		106,462	
OPEB obligation		<u>67,207</u>	<u>(331,115)</u>

Total Net Position - Governmental Activities \$ 18,751,694

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, 2013

	<u>General Fund</u>
<b>Revenues:</b>	
Federal Revenues:	
SHOPP TEA - Carmel Hill	\$ 14,750
Federal Planning (PL)	257,185
FHWA 511 Planning	13,219
	<u>285,154</u>
State Revenues:	
TCRP	293,681
Freeway Service Patrol	241,224
SAFE	344,790
Rural Planning Assistance	415,340
Planning, Programming and Monitoring	599,194
RSTPI & RSTPP	233,535
Local Transportation Fund	908,484
Prop 116 Rail Bond	126,492
Caltrans PIP and FSP PIP	139,988
SCS Complete Streets	99,805
Hwy 156 Tolling	25,000
San Juan Road Outreach	12,267
	<u>3,439,800</u>
Local Revenues:	
CMP	243,076
Interest	25,080
Lease revenue	240,450
Air District 2766	46,184
Bike week	75
Miscellaneous	4,084
Cities video conferencing	1,197
RDIF	10,000
SLOCOG	10,000
Multi modal Corridor - FOR A	651
	<u>580,797</u>
Total revenues	<u>4,305,751</u>
<b>Expenditures:</b>	
Salaries and wages	1,157,274
Fringe benefits	478,565
Total personnel	<u>1,635,839</u>
Services and supplies	336,422
Total operating expenditures	<u>1,972,261</u>
Direct programs	<u>1,167,493</u>
Total expenditures	<u>3,139,754</u>
Excess (deficiency) of revenues over expenditures	1,165,997
Fund balance, beginning of fiscal year	<u>6,693,157</u>
Fund balance, end of fiscal year	<u>\$ 7,859,154</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, 2013**

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Net change in fund balance - governmental fund	\$ 1,165,997
Amounts reported for governmental activities in the statement of activities are different because:	
Capital assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions to capital assets of \$19,447 is more than depreciation expense of \$9,125 in the period.	10,322
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 as more than the amount earned by \$9,489.	9,489
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:	(18,937)
In governmental funds, the repayments of the PERS side fund debt is reported as a retirement expense. In the government-wide statements, repayments are reported as a decrease in the long-term liabilities. This is the amount by which interest incurred of \$8,132 is less than contributions made of \$19,844 in the period.	<u>11,712</u>
Change in net position - governmental activities	<u><u>\$ 1,178,583</u></u>

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

**TRANSPORTATION AGENCY FOR MONTEREY COUNTY**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
 June 30, 2013

	<u>Private Purpose Trust Funds</u>			
	<u>Local Transportation Fund</u>	<u>State Transit Assistance Fund</u>	<u>State Highway Account Fund</u>	<u>Totals</u>
<b>ASSETS</b>				
Cash and investments	\$ 3,253,626	\$ 317	\$ 7,526,351	\$ 10,780,294
Accounts receivable	<u>2,383,300</u>	<u>740,050</u>	<u>8,112,694</u>	<u>11,236,044</u>
Total assets	<u>5,636,926</u>	<u>740,367</u>	<u>15,639,045</u>	<u>22,016,338</u>
<b>LIABILITIES</b>				
<b>Liabilities:</b>				
Due to other agencies	<u>2,299,023</u>	<u>740,050</u>	<u>822,961</u>	<u>3,862,034</u>
Total liabilities	<u>2,299,023</u>	<u>740,050</u>	<u>822,961</u>	<u>3,862,034</u>
<b>NET POSITION</b>				
Unrestricted	<u>3,337,903</u>	<u>317</u>	<u>14,816,084</u>	<u>18,154,304</u>
Total net position	<u>\$ 3,337,903</u>	<u>\$ 317</u>	<u>\$ 14,816,084</u>	<u>\$ 18,154,304</u>

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

**TRANSPORTATION AGENCY FOR MONTEREY COUNTY**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
For the Fiscal Year Ended June 30, 2013

	Private Purpose Trust Funds			Totals
	Local Transportation Fund	State Transit Assistance Fund	State Highway Account Fund	
<b>Additions:</b>				
Sales tax	\$ 14,471,227	\$ 2,806,690	\$ -	\$ 17,277,917
State Highway Account funds			5,112,619	5,112,619
Interest	8,251	808	52,503	61,562
Total additions	<u>14,479,478</u>	<u>2,807,498</u>	<u>5,165,122</u>	<u>22,452,098</u>
<b>Deductions:</b>				
Claims paid to:				
Greenfield	39,862		52,539	92,401
Monterey			607,000	607,000
Pacific Grove			437,135	437,135
County of Monterey	192,681		165,772	358,453
TAMC	914,984		4,775,475	5,690,459
Monterey - Salinas Transit	<u>13,244,466</u>	<u>3,737,333</u>		<u>16,981,799</u>
Total deductions	<u>14,391,993</u>	<u>3,737,333</u>	<u>6,037,921</u>	<u>24,167,247</u>
Change in net position	87,485	(929,835)	(872,799)	(1,715,149)
Net position - beginning of fiscal year	<u>3,250,418</u>	<u>930,152</u>	<u>15,688,883</u>	<u>19,869,453</u>
Net position - end of fiscal year	<u>\$ 3,337,903</u>	<u>\$ 317</u>	<u>\$ 14,816,084</u>	<u>\$ 18,154,304</u>

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. The Reporting Entity**

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

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

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

**B. Government-wide and Fund Financial Statements**

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

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

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

**C. Basis of Presentation**

**Government-wide Financial Statements:**

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Government-wide Financial Statements (Continued):**

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

**Fund Financial Statements:**

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

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

Fiduciary funds are reported using the economic resources measurement focus.

**D. Basis of Accounting**

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

**Revenues – exchange and non-exchange transactions:**

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

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

**Unearned revenue:**

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants received before eligibility requirements are met are recorded as unearned 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 unearned revenue.

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

Major Governmental Fund:

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

Fiduciary Funds:

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

Local Transportation Fund (LTF)  
State Transit Assistance Fund (STA)  
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.

**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 position. The estimated useful lives are as follows:

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

**I. Unearned Revenue**

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

**J. 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 position. 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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**N. Fund Balances**

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

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

Minimum Fund Balance

The Agency holds a six month fund balance reserve for general operations within the unassigned fund balance in the general fund.

**O. New Accounting Pronouncements**

Governmental Accounting Standards Board Statement No. 60

For the fiscal year ended June 30, 2013, the Agency implemented Governmental Accounting Standards Board (GASB) Statement No. 60, “*Accounting and Financial Reporting for Service Concession Arrangements*.” This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to improve financial reporting by addressing issues related to Service Concession Arrangements. This Statement improves consistency in reporting and enhances the comparability of the accounting and financial reporting of Service Concession Arrangements among state and local governments. Implementation of the GASB Statement No. 60, did not have an impact on the Agency’s financial statements for the fiscal year ended June 30, 2013.

TRANSPORTATION AGENCY FOR MONTEREY COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2013

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**O. New Accounting Pronouncements (Continued)**

Governmental Accounting Standards Board Statement No. 61

For the fiscal year ended June 30, 2013, the Agency implemented Governmental Accounting Standards Board (GASB) Statement No. 61 "*The Financial Reporting Entity: Omnibus.*" This statement is effective for periods beginning after June 15, 2012. The objective of this Statement is to improve financial reporting for component units. The Statement modifies certain requirements for inclusion of component units in the financial reporting entity and clarifies the reporting of equity interests in legally separate organizations. Implementation of the GASB Statement No. 61, did not have an impact on the Agency's financial statements for the fiscal year ended June 30, 2013.

Governmental Accounting Standards Board Statement No. 62

For the fiscal year ended June 30, 2013, the Agency implemented Governmental Accounting Standards Board (GASB) Statement No. 62 "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.*" This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements issued on or before November 30, 1989. This Statement specifically identifies and consolidates the accounting and financial reporting provisions that apply to state and local governments. Implementation of the GASB Statement No. 62, did not have an impact on the Agency's financial statements for the fiscal year ended June 30, 2013.

Governmental Accounting Standards Board Statement No. 63

For the fiscal year ended June 30, 2013, the Agency implemented Governmental Accounting Standards Board (GASB) Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*" This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to establish guidance for reporting deferred outflows or resources, deferred inflows of resources, and net position in a statement of financial position. This Statement sets forth framework that specifies where deferred outflows of resources and deferred inflows of resources, as well as assets and liabilities should be displayed. This Statement also specifies how net position, no longer referred to as net assets, should be displayed. Implementation of the Statement and the impact of the Agency's financial statements are explained in Note 8 Net Position.

**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.

On June 30, 2013 the Agency had the following cash and investments on hand:

Cash and investments with County Treasurer	\$ 17,419,482
Petty cash	200
Cash in bank	<u>152,647</u>
Total cash and investments	<u>\$ 17,572,329</u>

TRANSPORTATION AGENCY FOR MONTEREY COUNTY  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2013

NOTE 2 - CASH AND INVESTMENTS (Continued)

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

Cash and investments, statement of net position	\$ 6,792,035
Cash and investments, statement fiduciary of net position	<u>10,780,294</u>
Total cash and investments	<u>\$ 17,572,329</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 Pool	<u>\$ 17,419,482</u>	<u>\$ 17,419,482</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total	<u>\$ 17,419,482</u>	<u>\$ 17,419,482</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Disclosures Relating to Credit Risk

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

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt from Disclosure</u>	<u>Rating as of Fiscal Year End</u>		
				<u>AAA</u>	<u>AA</u>	<u>Not Rated</u>
County of Monterey						
Treasury Pool	<u>\$ 17,419,482</u>	N/A	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,419,482</u>
Total	<u>\$ 17,419,482</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,419,482</u>

TRANSPORTATION AGENCY FOR MONTEREY COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2013

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NOTE 2 - CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk

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

Custodial Credit Risk

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

As of June 30, 2013, 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, 2013**

**NOTE 3 – CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Prior Period Adjustment	Increases	Decreases	Balance June 30, 2013
Capital assets, not being depreciated					
Right of Way	\$ 9,228,475	\$ 1,938,000	\$ -	\$ -	\$ 11,166,475
Total capital assets, not being depreciated	<u>\$ 9,228,475</u>	<u>\$ 1,938,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,166,475</u>
Capital assets, being depreciated					
Leasehold improvements	\$ 24,293	\$ -	\$ -	\$ -	\$ 24,293
Equipment	248,477	-	19,447	-	267,924
Total capital assets, being depreciated	<u>272,770</u>	<u>-</u>	<u>19,447</u>	<u>-</u>	<u>292,217</u>
Less accumulated depreciation	<u>225,912</u>	<u>-</u>	<u>9,125</u>	<u>-</u>	<u>235,037</u>
Total capital assets, being depreciated, net	<u>\$ 46,858</u>	<u>\$ -</u>	<u>\$ 10,322</u>	<u>\$ -</u>	<u>\$ 57,180</u>
Governmental activities, capital assets, net	<u>\$ 9,275,333</u>	<u>\$ 1,938,000</u>	<u>\$ 10,322</u>	<u>\$ -</u>	<u>\$ 11,223,655</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, 2013:

	Balance July 1, 2012	Prior Period Adjustment	Increases	Decreases	Balance June 30, 2013
Compensated absences	\$ 166,935	\$ -	\$ 120,037	\$ 129,526	\$ 157,446
PERS side fund	-	118,174	8,132	19,844	106,462
OPEB	<u>48,270</u>	<u>-</u>	<u>22,687</u>	<u>3,750</u>	<u>67,207</u>
Total	<u>\$ 215,205</u>	<u>\$ 118,174</u>	<u>\$ 150,856</u>	<u>\$ 153,120</u>	<u>\$ 331,115</u>

**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.

**TRANSPORTATION AGENCY FOR MONTEREY COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2013

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**NOTE 5 – EMPLOYEES’ RETIREMENT SYSTEMS (continued)**

**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 to determine the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal year 2012-2013, was 11.804% 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, 2013, 2012, and 2011, were \$132,542, \$141,207, and \$127,144, 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), \$115 in 2013, for both active and retired employees. TAMC continues to pay this portion of the premium for eligible survivors of retired employees. During fiscal year 2012-2013, expenditures of \$3,750 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 2.0 percent of annual covered payroll.

**Annual OPEB Cost**

For fiscal year 2012-2013, the Agency’s annual OPEB cost (expense) of \$22,687 was equal to the ARC plus additional interest and adjustments. The Agency’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is, as follows:

<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, 2011	\$ 18,224	\$ 2,562	14.1%	\$ 31,608
June 30, 2012	\$ 19,646	\$ 2,984	15.2%	\$ 48,270
June 30, 2013	\$ 22,687	\$ 3,750	16.5%	\$ 67,207

**TRANSPORTATION AGENCY FOR MONTEREY COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2013

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

Annual OPEB Cost (continued)

The following table shows the components of the Agency’s annual OPEB cost for the current fiscal year, the amount actually contributed to the plan, and changes in the Agency’s net OPEB obligation for the post employment healthcare benefits:

Annual required contributions	\$	22,795
Interest on Net OPEB Obligation/(Asset)		1,931
Adjustment to the ARC		(2,039)
Annual OPEB cost (expense)		<u>22,687</u>
Contributions made		<u>3,750</u>
Increase/(decrease) in net OPEB obligation		18,937
Net OPEB obligation, beginning of fiscal year		<u>48,270</u>
Net OPEB obligation, end of fiscal year	\$	<u><u>67,207</u></u>

Funded Status and Funding Progress

The Funded status of the plan as of July 1, 2012, is as follows:

Actuarial accrued liability (AAL)	\$	202,958
Actuarial value of plan assets		
Unfunded actuarial accrued liability (UAAL)		<u>202,958</u>
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)		1,164,628
UAAL as a percentage of covered payroll		17.4%

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, 2012, actuarial valuation, the level percentage of payroll method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 4.5 percent. The actuarial value of plan assets was not calculated in this, the first actuarial valuation, as there are no assets to value. The Plan unfunded actuarial accrued liability is being amortized over a 30-year amortization period.

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

**TRANSPORTATION AGENCY FOR MONTEREY COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2013

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**NOTE 7 – PUBLIC EMPLOYEES RETIREMENT SYSTEM SIDE FUND**

At the time the Agency joined the Public Employees Retirement System (PERS) Risk Pool, a side fund was required to be created to account for the difference between the funded status of the pool and the funded status of the Agency's plan, in addition to the existing plans unfunded liability. The side fund will be credited, on an annual basis, with the actuarial investment return assumption which was 7.75% prior to July 1, 2012 and 7.5% after that date. A side fund liability will cause the Agency's required PERS employer contribution rate to be increased by the amortization of the side fund. The side fund liability for the Agency's plan as of June 30, 2013 was \$106,462.

**NOTE 8 – NET POSITION**

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position that is *net investment in capital assets* consist of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. *Restricted net position* is the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. *Unrestricted net position* consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

**NOTE 9 – PRIOR PERIOD ADJUSTMENTS**

A prior period adjustment of \$1,938,000 was made which affects the government-wide statement of activities. A prior year purchase of Right of Way for the Rail to Salinas project was not recorded as a capital addition.

A prior period adjustment of \$(118,174) was made which affects the government-wide statement of activities. In prior years, the Agency did not record the PERS side fund liability.

**NOTE 10 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date the financial statements were available for issuance which is December 13, 2013.

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**REQUIRED SUPPLEMENTARY INFORMATION SECTION**



TRANSPORTATION AGENCY FOR MONTEREY COUNTY  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Federal Revenues:				
SHOPP TEA - Carmel Hill	\$ 3,623	\$ 3,623	\$ 14,750	\$ 11,127
Federal Planning (PL)	284,370	288,950	257,185	(31,765)
FHWA 511 Planning			13,219	13,219
	<u>287,993</u>	<u>292,573</u>	<u>285,154</u>	<u>(7,419)</u>
State Revenues:				
TCRP	8,000,000	8,000,000	293,681	(7,706,319)
Freeway Service Patrol	240,392	240,392	241,224	832
SAFE	523,652	523,652	344,790	(178,862)
Rural Planning Assistance	395,000	482,066	415,340	(66,726)
Planning, Programming and Monitoring	455,000	455,000	599,194	144,194
RSTPI & RSTPP	681,612	681,612	233,535	(448,077)
Local Transportation Fund	908,485	908,485	908,484	(1)
Prop 116 Rail Bond	642,184	642,184	126,492	(515,692)
Caltrans PIP and FSP PIP	163,500	163,500	139,988	(23,512)
SCS Complete Streets	50,000	50,000	99,805	49,805
Hwy 156 Tolling			25,000	25,000
San Juan Road Outreach			12,267	12,267
	<u>12,059,825</u>	<u>12,146,891</u>	<u>3,439,800</u>	<u>(8,707,091)</u>
Local Revenues:				
CMP	243,076	243,076	243,076	
Interest			25,080	25,080
Lease revenue	210,000	210,000	240,450	30,450
Air District 2766	61,250	61,250	46,184	(15,066)
Bike week	2,500	2,500	75	(2,425)
Miscellaneous			4,084	4,084
Cities video conferencing	3,000	3,000	1,197	(1,803)
RDIF	10,000	10,000	10,000	
SLOCOG			10,000	10,000
Multi modal Corridor - FOR A			651	651
	<u>529,826</u>	<u>529,826</u>	<u>580,797</u>	<u>50,971</u>
Total revenues	<u>12,877,644</u>	<u>12,969,290</u>	<u>4,305,751</u>	<u>(8,663,539)</u>

continued

TRANSPORTATION AGENCY FOR MONTEREY COUNTY  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures:</b>				
Salaries and wages	\$ 1,403,299	\$ 1,494,944	\$ 1,157,274	\$ 337,670
Fringe benefits	614,013	614,013	478,565	135,448
Total personnel	<u>2,017,312</u>	<u>2,108,957</u>	<u>1,635,839</u>	<u>473,118</u>
Services and supplies	531,370	531,370	336,422	194,948
Total operating expenditures	<u>2,548,682</u>	<u>2,640,327</u>	<u>1,972,261</u>	<u>668,066</u>
Direct Programs:				
Plans Coordination	87,000	87,000	84,254	2,746
Public Involvement	150,000	150,000	55,845	94,155
511 Travel Plan	171,833	171,833		171,833
Freeway Service Patrol (FSP)	195,167	195,167	192,941	2,226
Call Boxes (SAFE)	297,044	297,044	104,202	192,842
ITS	50,000	50,000		50,000
Data Collection	50,000	50,000	23,940	26,060
Electric Vehicle Chargers	19,250	19,250		19,250
Bicycle and Pedestrian	10,000	10,000		10,000
Sustainable Comm Strategy			54,500	(54,500)
Carmel Hill Trail	6,574	6,574	11,589	(5,015)
Beach range road improvements			4	(4)
Bike Sharing Study	42,000	42,000	42,931	(931)
Tri-County Bike Week			4,401	(4,401)
RTIP & EIR Update	15,000	15,000		15,000
Video Conferencing	3,000	3,000	2,930	70
RDIF Agency	110,000	110,000	67,954	42,046
RTIP/ Project Delivery	70,000	70,000	4,312	65,688
Prunedale Improvements	10,000	10,000	584	9,416
San Juan Road	10,000	10,000	6,388	3,612
HW 156 improvement			74,906	(74,906)
FSP-PIP	37,500	37,500	373	37,127
Rail Program			10,000	(10,000)
Commuter Rail	8,789,845	8,789,845	354,091	8,435,754
Branch Line Maintenance	62,842	62,842	42,052	20,790
Rail and FORA property	62,158	62,158	16,593	45,565
Rail-Monterey Branch Line			8,053	(8,053)
Commuter Rail Leases			4,650	(4,650)
Total Direct Programs	<u>10,249,213</u>	<u>10,249,213</u>	<u>1,167,493</u>	<u>9,081,720</u>
Total expenditures	<u>12,797,895</u>	<u>12,889,540</u>	<u>3,139,754</u>	<u>9,749,786</u>
Excess (deficiency) of revenues over expenditures	79,749	79,750	1,165,997	1,086,247
Fund balance, beginning of fiscal year	<u>6,693,157</u>	<u>6,693,157</u>	<u>6,693,157</u>	
Fund balance, end of fiscal year	<u>\$ 6,772,906</u>	<u>\$ 6,772,907</u>	<u>\$ 7,859,154</u>	<u>\$ 1,086,247</u>

**TRANSPORTATION AGENCY FOR MONTEREY COUNTY**  
**SCHEDULE OF FUNDING PROGRESS FOR POST EMPLOYMENT BENEFITS**  
**OTHER THAN PENSIONS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**SCHEDULE OF FUNDING PROGRESS**

<u>Valuation Date</u>	<u>Actuarial Asset Value</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Liability (Excess Assets)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
July 1, 2009	\$ -	\$ 120,494	\$ 120,494	0.0%	\$ 1,139,000	11%
July 1, 2012	\$ -	\$ 202,958	\$ 202,958	0.0%	\$ 1,164,628	17.4%



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT ON  
TRANSPORTATION DEVELOPMENT ACT COMPLIANCE**

Board of Directors  
Transportation Agency for Monterey County  
Salinas, California

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Transportation Agency of Monterey County' (the Agency) compliance with the types of compliance requirements described in the *Transportation Development Act Guidebook*, published by the State of California Department of Transportation applicable for the fiscal year ended June 30, 2013.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the Transportation Development Act.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the Agency's compliance based on our audit of the compliance with applicable statutes, rules and regulations of the Transportation Development Act (TDA), Sections 99233.1 and 99234, the California Code of Regulations (CCR), and the allocation instructions and resolutions of Transportation Agency of Monterey County as required by Section 6662 and 6666 of the CCR. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Transportation Development Act Guidebook*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state laws and regulations applicable to the Fund occurred. An audit includes examining, on a test basis, evidence about the Fund's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance. However, our audit does not provide a legal determination of the Agency's compliance.

***Opinion on Compliance with the Transportation Development Act***

In our opinion, the funds allocated to and received by Transportation Agency of Monterey County pursuant to the TDA, complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements of the Transportation Development Act and the allocation instructions and resolutions of Transportation Agency of Monterey County for the fiscal year ended June 30, 2013.

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

*Moss, Levy & Hartzheim LLP*

Santa Maria, California  
December 13, 2013

**SUPPLEMENTARY INFORMATION SECTION**



**TRANSPORTATION AGENCY FOR MONTEREY COUNTY**  
**SCHEDULE OF FEDERAL HIGHWAY ADMINISTRATION FUNDS**  
**REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**

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	Work Elements/ Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Federal Planning (PL)	\$ 288,950	\$ 257,185	\$ (31,765)
Total revenues	<u>288,950</u>	<u>257,185</u>	<u>(31,765)</u>
<b>Expenditures:</b>			
1010 Work program administration	20,000	20,000	
1120 Planning coordination	8,000	8,000	
2310 Data collection	4,950	1,534	3,416
2510 Regional transportation model	37,000	8,737	28,263
6220 Regional transportation plan	107,000	107,000	
6263 Regional impact fee	40,000	40,000	
6410 Regional trans imp plan (RTIP)	12,000	12,000	
6710 Corridor studies	13,000	12,914	86
6718 Hwy 156 improvement	47,000	47,000	
Total expenditures	<u>288,950</u>	<u>257,185</u>	<u>31,765</u>
Excess (deficit) of revenues over expenditures	<u>\$ -</u>		<u>\$ -</u>
Federal Planning carryover, beginning of fiscal year		<u>                    </u>	
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, 2013**

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	Work Elements/ Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
SAFE	\$ 340,000	\$ 344,790	\$ 4,790
Reserve	263,975		(263,975)
Total revenues	<u>603,975</u>	<u>344,790</u>	<u>(259,185)</u>
<b>Expenditures:</b>			
Salaries/Fringe/Materials and services	25,000	28,840	(3,840)
Direct Programs	297,044	104,202	192,842
FSP Match	60,098	60,306	(208)
ITS Support	50,000	50	49,950
511 Support	171,833	3,920	167,913
Electric Vehicle Chargers		13,659	(13,659)
Prunedale Improvement Project		2,243	(2,243)
San Juan Road Project		503	(503)
Total expenditures	<u>603,975</u>	<u>213,723</u>	<u>390,252</u>
Excess (deficit) of revenues over expenditures	<u>\$ -</u>	131,067	<u>\$ 131,067</u>
SAFE carryover, beginning of fiscal year		<u>1,030,419</u>	
SAFE carryover, end of fiscal year		<u>\$ 1,161,486</u>	

**TRANSPORTATION AGENCY FOR MONTEREY COUNTY**  
**SCHEDULE OF STATE AND REGIONAL PLANNING ASSISTANCE FUNDS**  
**REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**

	Work Elements/ Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Rural planning assistance	\$ 482,066	\$ 415,340	\$ (66,726)
Total revenues	482,066	415,340	(66,726)
<b>Expenditures:</b>			
1010 Work program administration	68,065	68,065	
1120 Planning coordination	82,000	82,000	
2510 Regional transportation model	15,000	163	14,837
4110 Document review	30,000	19,732	10,268
6140 Bicycle/Pedestrian planning	51,000	51,000	
6220 Regional transportation plan	82,500	62,111	20,389
6263 Regional impact fee	40,845	32,594	8,251
6410 Regional trans imp plan (RTIP)	20,000	20,000	
6710 Corridor studies	13,289	13,162	127
6718 Hwy 156 improvements	67,867	63,671	4,196
6722 Multi-modal Corridor	11,500	2,842	8,658
Total expenditures	482,066	415,340	66,726
Excess (deficit) of revenues over expenditures	\$ -		\$ -
State and regional planning assistance carryover, beginning of fiscal year			
State and regional planning assistance carryover, end of fiscal year		\$ -	

**TRANSPORTATION AGENCY FOR MONTEREY COUNTY**  
**SCHEDULE OF PLANNING, PROGRAMMING AND MONITORING FUNDS**  
**REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2013**

	Work Elements/ Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Planning, Programming and Monitoring	\$ 455,000	\$ 599,194	\$ 144,194
Total revenues	<u>455,000</u>	<u>599,194</u>	<u>144,194</u>
<b>Expenditures:</b>			
1010 Work program administration	6,401	15,894	(9,493)
1120 Planning coordination	52,254	70,973	(18,719)
1130 Public involvement program	4,484	45,176	(40,692)
1750 Traveler info system feasibility plan	30,000		30,000
4110 Document review	5,641		5,641
6010 Sust. Comm. Strategies		6,879	(6,879)
6140 Bicycle/Pedestrian planning	5,000	3,682	1,318
6147 Bike sharing study		22,148	(22,148)
6410 Regional trans imp plan (RTIP)		17,357	(17,357)
6500 Project development	145,053	147,591	(2,538)
6501 Roundabout Outreach		1,444	(1,444)
6262 RDIF Agency	3,203		3,203
6717 Hwy 156 sustain rating		5,715	(5,715)
6800 Rail planning		16,491	(16,491)
6803 Commuter rail	137,555	218,445	(80,890)
6806 Monterey Branch line alternative analysis	65,409	27,399	38,010
Total expenditures	<u>455,000</u>	<u>599,194</u>	<u>(144,194)</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**  
For the Fiscal Year Ended June 30, 2013

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	Work Elements/ Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Freeway service patrol	\$ 240,392	\$ 241,224	\$ 832
Local match (SAFE)	60,098	60,306 *	208
	<u>300,490</u>	<u>301,530</u>	<u>1,040</u>
<b>Expenditures:</b>			
Salaries/Fringe/Materials & Supplies	25,000	51,401	(26,401)
Direct Programs	195,167	192,941	2,226
	<u>220,167</u>	<u>244,342</u>	<u>(24,175)</u>
Excess (deficit) of revenues over expenditures	<u>\$ 80,323</u>	57,188	<u>\$ (23,135)</u>
Freeway service patrol carryover, beginning of fiscal year		<u>297,565</u>	
Freeway service patrol carryover, end of fiscal year		<u>\$ 354,753</u>	

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

TRANSPORTATION AGENCY FOR MONTEREY COUNTY  
SCHEDULE OF EXPENDITURES BY WORK ELEMENT  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2013

Work Element:	Budget	Actual	Variance Favorable (Unfavorable)
1010 Work program administration operating	\$ 166,394	\$ 104,615	\$ 61,779
1020 LTF administration operating	87,841	49,918	37,923
1120 Planning coordination & Interagency liaison operating	241,236	163,076	78,160
1122 Legislative advocacy operating		10,001	(10,001)
1122 Legislative advocacy direct	87,000	84,254	2,746
1130 Public involvement program operating	128,123	45,781	82,342
1130 Public involvement program direct	150,000	55,845	94,155
1750 Traveler info system feasibility plan operating	53,545	17,139	36,406
1750 Traveler info system feasibility plan direct	171,833		171,833
1770 Freeway Service Patrol operating	25,004	49,529	(24,525)
1770 Freeway Service Patrol direct	195,167	192,941	2,226
1780 SAFE operating	48,937	28,840	20,097
1780 SAFE direct	297,044	104,202	192,842
1781 ITS operating		51	(51)
1781 ITS direct	50,000		50,000
1790 Rideshare	22,772		22,772
2310 Data collection operating	11,552	1,812	9,740
2310 Data collection direct	50,000	23,940	26,060
2510 Regional transportation model operating	67,000	9,853	57,147
4110 Document review operating	55,300	23,321	31,979
4150 Electric vehicle charger operating	25,539	13,659	11,880
4150 Electric vehicle charger direct	19,250		19,250
6010 Sust. Comm. Strategies operating	71,728	83,851	(12,123)
6010 Sust. Comm. Strategies direct		54,500	(54,500)
6140 Bicycle/Pedestrian planning operating	101,600	55,220	46,380
6140 Bicycle/Pedestrian planning direct	10,000		10,000
6142 Carmel Hill trail operating	4,863	7,474	(2,611)
6142 Carmel Hill trail direct	6,574	11,589	(5,015)
6144 Bike protection operating	1,756	2,269	(513)
6146 Beach range road improvements operating		1,040	(1,040)
6146 Beach range road improvements direct		4	(4)
6147 Bike sharing study operating	26,343	22,693	3,650
6147 Bike sharing study direct	42,000	42,930	(930)
6148 Tri-County bike week operating	15,137	8,148	6,989
6148 Tri-County bike week direct		4,401	(4,401)
6220 Regional transportation plan operating	189,500	173,397	16,103
6220 Regional transportation plan direct	15,000		15,000
6260 Congestion management program operating	77,845	976	76,869
6260 Congestion management program direct	3,000	2,930	70
6262 RDIF Agency operating	9,203	14,378	(5,175)
6262 RDIF Agency direct	110,000	67,954	42,046
6263 Regional impact fee operating	20,845	73,940	(53,095)
6410 Regional trans imp plan (RTIP) operating	32,000	50,389	(18,389)
6410 Regional trans imp plan (RTIP) direct	70,000		70,000
6500 Project development operating	337,937	150,032	187,905
6500 Project development direct		4,313	(4,313)
6501 Roundabout Outreach operating		1,554	(1,554)
6710 Corridor studies operating	225,532	31,291	194,241
6710 Corridor studies direct	10,000		10,000
6715 Prunedale improvement operating	132,303	141,255	(8,952)
6715 Prunedale improvement direct	10,000	584	9,416
6716 San Juan road improvements direct		6,388	(6,388)
6717 Hwy 156 sustain rating operating		5,797	(5,797)
6718 Hwy 156 improvements operating		138,616	(138,616)
6718 Hwy 156 improvements direct		74,906	(74,906)
6719 PIP - FSP operating		1,891	(1,891)
6719 PIP - FSP direct	37,500	373	37,127
6720 San Juan Road Outreach		12,976	(12,976)
6722 Multi-modal Corridor operating	11,500	3,457	8,043
6800 Railroad operating	10,557	16,715	(6,158)
6800 Railroad direct		10,000	(10,000)
6803 Commuter rail operating	253,555	288,352	(34,797)
6803 Commuter rail direct	8,789,845	354,091	8,435,754
6804 Railroad leases operating	14,912	67,945	(53,033)
6804 Railroad leases direct	62,842	42,053	20,789
6805 Railroad Fort Ord property operating	28,262	4,672	23,590
6805 Railroad Fort Ord property direct	62,158	16,593	45,565
6806 Mtry Branch line alternative analysis operating	141,706	28,287	113,419
6806 Mtry Branch line alternative analysis direct		8,052	(8,052)
6807 Commuter rails lease operating		4,930	(4,930)
6807 Commuter rails lease direct		4,650	(4,650)
0000 Unallowable		44,313	(44,313)
911 Admin overhead		18,808	(18,808)
Total expenditures by work element	<u>\$ 12,889,540</u>	<u>\$ 3,139,754</u>	<u>\$ 9,749,786</u>

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TRANSPORTATION AGENCY FOR MONTEREY COUNTY  
 LOCAL TRANSPORTATION FUND  
 SCHEDULE OF ALLOCATIONS BY PURPOSE  
 Fiscal Year Ended June 30, 2013

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	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	232,444	3,017,063		
Cities:				
Carmel		101,602		
Del Rey Oaks		44,359		
Gonzales		223,535		
Greenfield		445,819		
King City		351,882		
Marina		538,396		
Monterey		800,202		
Pacific Grove		410,810		
Salinas		4,110,247		
Sand		9,133		
Seaside		899,004		
Soledad		437,719		
Allocations	<u>\$ 232,444</u>	<u>\$ 11,389,771</u>	<u>\$ -</u>	<u>\$ -</u>

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

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Regional Transportation Planning Sec. 99231.1	Total Allocations
\$ 908,485	\$ 908,485
	3,249,507
	101,602
	44,359
	223,535
	445,819
	351,882
	538,396
	800,202
	410,810
	4,110,247
	9,133
	899,004
	437,719
<u>\$ 908,485</u>	<u>\$ 12,530,700</u>

**TRANSPORTATION AGENCY FOR MONTEREY COUNTY**  
**LOCAL TRANSPORTATION FUND**  
**SCHEDULE OF CLAIMS BY PURPOSE**  
**Fiscal Year Ended June 30, 2013**

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	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	\$ 6,500	\$ -	\$ -	\$ -
Monterey County and Unincorporated Area	192,681	3,530,514		
Cities:				
Carmel		117,868		
Del Rey Oaks		51,402		
Gonzales		259,414		
Greenfield	39,862	517,156		
King City		408,176		
Marina		624,620		
Monterey		928,407		
Pacific Grove		476,624		
Salinas		4,768,490		
Sand		10,571		
Seaside		1,042,971		
Soledad		508,253		
Claims	<u>\$ 239,043</u>	<u>\$ 13,244,466</u>	<u>\$ -</u>	<u>\$ -</u>

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

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Regional Transportation Planning Sec. 99233.1	Total Claims Paid
\$ 908,484	\$ 914,984
	3,723,195
	117,868
	51,402
	259,414
	557,018
	408,176
	624,620
	928,407
	476,624
	4,768,490
	10,571
	1,042,971
	508,253
<u>\$ 908,484</u>	<u>\$ 14,391,993</u>

**TRANSPORTATION AGENCY FOR MONTEREY COUNTY**  
**STATE TRANSIT ASSISTANCE FUND**  
**SCHEDULE OF AMOUNTS ALLOCATED AND DISBURSED BY PURPOSE**  
**Fiscal Year Ended June 30, 2013**

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	Monterey- Salinas Transit Sects. 6730(b) 6730(a) 6731(c) <u>Operating, Capital</u>	City of Greenfield Sects. 6730(a) 6730(b) <u>Capital</u>	City of Gonzales Sec. 6730(b) <u>Capital</u>	City of Soledad Sec. 6730(b) <u>Capital</u>	City of King Sec. 6730(b) <u>Capital</u>	<u>Total</u>
Allocations	\$ <u>3,156,647</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,156,647</u>
Disbursements:						
2012-13 Claims	\$ <u>3,737,333</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,737,333</u>
Total disbursements	\$ <u>3,737,333</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,737,333</u>