

**REGIONAL DEVELOPMENT IMPACT FEE
JOINT POWERS AGENCY**

AUDIT REPORT
June 30, 2011

REGIONAL DEVELOPMENT IMPACT FEE JOINT POWERS AGENCY
TABLE OF CONTENTS
June 30, 2011

Financial Section

Independent Auditors' Report	1
Management's Discussion and Analysis	2
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	5
Statement of Activities	6
Fund Financial Statements:	
Balance Sheet – Governmental Fund	8
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets	9
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund	10
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	11
Notes to Basic Financial Statements	12
Required Supplementary Information Section	
Budget Comparison Schedule – General Fund	19

FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Regional Development Impact Fee Joint Powers Agency
Salinas, California

We have audited the accompanying financial statements of the governmental activities and the major fund of the Regional Development Impact Fee Joint Powers Agency (the Agency) as of and for the fiscal year ended June 30, 2011, which collectively comprise the Agency's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the management of the Regional Development Impact Fee Joint Powers Agency. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in note 1 to basic financial statements effective July 1, 2010, the Regional Development Impact Fee Joint Powers Agency adopted Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and GASB Statement No. 54, *Financial Statements Omnibus*.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Regional Development Impact Fee Joint Powers Agency, as of June 30, 2011, and the respective changes in financial position thereof, for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2 through 4, and the budgetary information on page 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

MOSS, LEVY & HARTZHEIM LLP

Moss, Levy & Hartzheim LLP
January 11, 2012

Management's Discussion and Analysis

Overview of the Regional Development Impact Fee Joint Powers Agency and Audited
Finances for Fiscal Year Ending June 30, 2011

General

The Regional Development Impact Fee Joint Powers Agency (The Fee Agency) was created on August 27, 2008. The Fee Agency is made up of Cities of Monterey, Seaside, Carmel, Pacific Grove, Del Rey Oaks, Marina, Sand City, Salinas, Gonzales, Soledad, Greenfield and King City as well as the County of Monterey. The Fee Agency's main purpose is the planning, financing, and construction of regional transportation improvements as mitigation for cumulative impacts from new development in Monterey County to the regional transportation system.

Officials from each of the twelve incorporated cities in Monterey County and all five County Supervisors represent the public on the Fee Agency's Board of Directors. The Board of Directors sets policy. The Agency has no employees but contracts for administrative services with the Transportation Agency for Monterey County.

Activity Highlights

During fiscal year 2010/2011, the Agency performed various activities acting as the designated Regional Development Impact Fee Joint Powers Agency. The Agency's activities are described in detail below.

The Fee Agency began the fiscal year by finalizing the preparation of a Strategic Expenditure Plan to forecast fee revenues, prioritize the improvement projects, and budget fee expenditures. Staff met with local jurisdictions to provide information on the planned approach for the Plan and receive information on the phasing, financing, and scheduling of the projects. Using the information received from the jurisdictions, staff prepared a draft document for circulation and presented the results to the Technical Advisory and Executive Committees and the Board of Directors. The Transportation Agency Board approved of the final Strategic Expenditure Plan at the August 2010 meeting.

During the fiscal year, the Agency received correspondence from the City of Salinas that requested a suspension of regional fees for developments located in areas designated as infill or redevelopment for a period of two years. The Agency responded to these comments via correspondence outlining the technical background of the regional fees and the manner in which payment of the fees fulfills cumulative impact mitigations. The Agency also sought and received a legal opinion certifying that a suspension of the fees would result in a serious deficiency for the fee program to adequately serve as cumulative mitigation for regional transportation projects. The Agency sought Board

direction on this issue and received concurrence that the regional fees should be reduced for infill developments via trip generation rate reductions rather than a full suspension. The Agency contracted with Wood Rodgers to develop the reduced trip generation rates and to identify areas eligible for reduced rates.

Also, the Agency continued to work with our member jurisdictions to ensure accurate and consistent application of the fees to new development. This process involved meeting with jurisdiction staff, developers, and Board members to discuss development proposals and how the regional fees should best be applied; reviewing fee estimate calculations for errors; and providing correspondence and timely updates on any revisions to the fees.

Towards the end of the fiscal year, Agency staff began preparing the annual inflation adjustment and associated revisions to the Strategic Expenditure Plan. The annual revision to the expenditure plan also involved better coordination with the financial element of the Regional Transportation Plan and with a recent Board strategic planning session that established priority for several transportation improvement projects.

The Agency expects the 2011 Update to the Strategic Expenditure Plan to be adopted by the Board at the September 2011 meeting.

Financial Highlights

Net assets of the Agency increased by \$ 325,968 from \$ 1,146,001 on June 30, 2010, to \$1,471,969 on June 30, 2011. Revenues were added and the only expense was \$74,319 paid to Monterey County for Highway 68 intersection projects. The administrative expense was not paid in fiscal year 2010-11 due to low revenue but will be transferred at a later time. The agency has a fund balance of \$1,471,969 as of June 30, 2011.

A separate accounting system has been set up to track revenues and payouts from the Regional Development Impact Fee Joint Powers Agency. Participating members report and remit any fees collected on a monthly basis. These fees are held in a separate fund account with the County of Monterey.

Regional Development Impact Fee Joint Powers Agency Revenues and Expenditures

The Agency revenues during fiscal year 2010/2011 were \$ 400,287.

The Agency expenditures for the same period were \$ 74,319. Expense associated with the administration fee to be paid to the Transportation Agency for Monterey County will be transferred at a later time.

Overall Financial Position

The overall financial position of the Agency improved during fiscal year 2010/2011, with an increase of \$ 325,968 to the fund balance from \$ 1,146,001 to \$ 1,471,969.

Budget Variances

There is no budget but the Agency Board approves a Strategic Expenditure Plan.

Current Financial Issues and Concerns

Revenues for the Regional Development Impact Fee program are wholly dependent on the amount of new development that occurs in Monterey County. The current economic situation has slowed growth throughout the County, resulting in an expectation that fee revenues will be minimal in the short-term. This issue is addressed in the Strategic Expenditure Plan by shifting funding for near-term projects out by several years.

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 Regional Development Impact Fee Joint Powers Agency office via the Internet at: info@tamcmonterey.org or by calling 831-775-0903. You may also access the Transportation Agency for Monterey County website at www.tamcmonterey.org to view copies of the fiscal audits.

REGIONAL DEVELOPMENT IMPACT FEE JOINT POWERS AGENCY

STATEMENT OF NET ASSETS

June 30, 2011

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 1,471,969
Total assets	<u>1,471,969</u>
LIABILITIES	
Accounts payable	<u> </u>
Total liabilities	<u> </u>
NET ASSETS	
Restricted	<u>1,471,969</u>
Total net assets	<u><u>\$ 1,471,969</u></u>

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

REGIONAL DEVELOPMENT IMPACT FEE JOINT POWERS AGENCY
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2011

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Contributions and Grants</u>
Governmental activities:			
Transportation	\$ 74,319	\$ -	\$ 395,964
Total governmental activities	<u>\$ 74,319</u>	<u>\$ -</u>	<u>\$ 395,964</u>

General Revenues
Investment income

Total general revenues

Change in net assets

Net assets at beginning of fiscal year

Net assets at end of fiscal year

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

<u>Capital Contributions and Grants</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
\$ -	\$ 321,645
<u>\$ -</u>	<u>321,645</u>
	<u>4,323</u>
	<u>4,323</u>
	325,968
	<u>1,146,001</u>
	<u>\$ 1,471,969</u>

REGIONAL DEVELOPMENT IMPACT FEE JOINT POWERS AGENCY
GOVERNMENTAL FUND
BALANCE SHEET
June 30, 2011

	<u>General Fund</u>
ASSETS	
Cash and investments	\$ 1,471,969
Total assets	<u>\$ 1,471,969</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	<u>\$ -</u>
Total liabilities	<u>-</u>
Fund Balance:	
Restricted	<u>1,471,969</u>
Total fund balance	<u>1,471,969</u>
Total liabilities and fund balance	<u>\$ 1,471,969</u>

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

REGIONAL DEVELOPMENT IMPACT FEE JOINT POWERS AGENCY
RECONCILIATION OF THE GOVERNMENTAL
FUND BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2011

Total Fund Balance- Governmental Fund	<u>\$ 1,471,969</u>
Total Net Assets - Governmental Activities	<u>\$ 1,471,969</u>

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

REGIONAL DEVELOPMENT IMPACT FEE JOINT POWERS AGENCY
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2011

	General Fund
Revenues:	
Mitigation fees	\$ 395,964
Interest	4,323
	<hr/>
Total revenues	400,287
	<hr/>
Expenditures:	
Project costs	74,319
	<hr/>
Total expenditures	74,319
	<hr/>
Excess of revenues over (under) expenditures	325,968
	<hr/>
Fund balance - July 1, 2010	1,146,001
	<hr/>
Fund balance - June 30, 2011	\$ 1,471,969
	<hr/> <hr/>

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

REGIONAL DEVELOPMENT IMPACT FEE JOINT POWERS AGENCY
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2011

Net Change in Fund Balance - Governmental Fund	<u>\$ 325,968</u>
Change in net assets - Governmental Activities	<u>\$ 325,968</u>

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

REGIONAL DEVELOPMENT IMPACT FEE JOINT POWERS AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Regional Development Impact Fee Joint Powers Agency was organized on August 27, 2008, under the authorization of Section 6500 et. seq. of the Government Code.

The purpose of the Agency is to jointly exercise the powers of the County of Monterey and the incorporated Cities located within Monterey County pursuant to the California Mitigation Fee Act, Government Code, section 66000, et seq. to collect, administer, program, and spend the proceeds of a Regional Development Impact Fee to mitigate regional transportation impact of new development adopted by each of the City and County Parties in accordance with the term of the agreement.

B. Reporting Entity

The reporting entity is the Regional Development Impact Fee Joint Powers Agency. There are no component units included in this report which meets the criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39.

C. Government-wide and Fund Financial Statements

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

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

Major individual governmental funds are reported as separate columns in the fund financial statements.

D. Basis of Presentation

Government-wide Financial Statements

The government-wide 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.

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. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (continued)

Fund Financial Statements (continued)

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.

E. 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 and fiduciary fund financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues – exchange and non-exchange transactions:

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

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

Deferred revenue:

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

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.

REGIONAL DEVELOPMENT IMPACT FEE JOINT POWERS AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Accounting

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

Major Governmental Fund:

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

G. Budgets and Budgetary Accounting

The annual budget is approved by the Board of Directors. Formal budgetary procedures are maintained by the Agency. The Board votes on any budget changes that are to be made during the fiscal year.

H. Investments

Investments are stated at fair value.

I. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the Agency.

J. 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 \$250 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 accumulated depreciation is reported on the statement of net assets. The estimated useful lives are as follows:

Equipment	7 to 20 years
Structures and improvements	5 to 50 years

K. 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)

L. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

M. 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.

N. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 54

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

REGIONAL DEVELOPMENT IMPACT FEE JOINT POWERS AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. New Accounting Pronouncements (Continued)

Governmental Accounting Standards Board Statement No. 59

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

NOTE 2 - CASH AND INVESTMENTS

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

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

Cash and investments with the County Treasurer	\$ 1,471,969
Total cash and investments	<u>\$ 1,471,969</u>

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

Cash and investments, statement of net assets	\$ 1,471,969
Total cash and investments	<u>\$ 1,471,969</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 on the next page that shows the distribution of the Agency's investments by maturity:

Disclosures Relating to Interest Rate Risk

Investment Type	Carrying Amount	Remaining Maturity (in Months)			
		12 Months Or Less	13-24 Months	25-60 Months	More than 60 Months
County of Monterey Treasury Investment Pool	\$ 1,471,969	\$ 1,471,969	\$ -	\$ -	\$ -
Total	<u>\$ 1,471,969</u>	<u>\$ 1,471,969</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

REGIONAL DEVELOPMENT IMPACT FEE JOINT POWERS AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2011

NOTE 2 - CASH AND INVESTMENTS (Continued)

Disclosures Relating to Credit Risk

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

Investment Type	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End		
				AAA	Aa	Not Rated
County of Monterey Treasury Investment Pool	\$1,471,969	N/A	\$ -	\$ -	\$ -	\$1,471,969
Total	\$1,471,969		\$ -	\$ -	\$ -	\$1,471,969

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 investments.

Custodial Credit Risk

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.

NOTE 3 – NET ASSETS

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

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

Restricted Net Assets – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

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

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REQUIRED SUPPLEMENTARY INFORMATION SECTION

REGIONAL DEVELOPMENT IMPACT FEE JOINT POWERS AGENCY

BUDGETARY COMPARISION SCHEDULE - GENERAL FUND

For the Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Mitigation fees	\$ -	\$ -	\$ 395,964	\$ 395,964
Interest			4,323	4,323
Total revenues			400,287	400,287
Expenditures:				
Project costs			74,319	(74,319)
Total expenditures			74,319	(74,319)
Excess of revenues over (under) expenditures			325,968	325,968
Fund balance, July 1, 2010	1,146,001	1,146,001	1,146,001	
Fund balance, June 30, 2011	<u>\$ 1,146,001</u>	<u>\$ 1,146,001</u>	<u>\$ 1,471,969</u>	<u>\$ 325,968</u>

