



MOSS, LEVY & HARTZHEIM LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

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

March 22, 2012

County of Monterey
Attn: Gus Capinguan

Attached is a draft copy of your audit for your review. After reviewing and upon your approval, please sign and fax back this letter to our office. We will not finalize the audit until we receive your response.

COUNTY OF MONTEREY
TRANSPORTATION DEVELOPMENT
ACT FUND
WITH INDEPENDENT AUDITORS' REPORT

JUNE 30, 2011

SEGREGATED BY SECTIONS 99234 and 99400(a)
OF THE PUBLIC UTILITIES CODE

Sincerely,

MOSS, LEVY & HARTZHEIM LLP

Ron A. Levy/CPA

RESPONSE:

I have reviewed the draft copy of the audit and give my approval.

By: _____

Title: _____

Date: _____

OFFICES: BEVERLY HILLS · CULVER CITY · SANTA MARIA

MEMBER AMERICAN INSTITUTE OF C.P.A.'S · CALIFORNIA SOCIETY OF MUNICIPAL FINANCE OFFICERS · CALIFORNIA ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

COUNTY OF MONTEREY
TRANSPORTATION DEVELOPMENT
ACT FUND

WITH INDEPENDENT AUDITORS' REPORT

JUNE 30, 2011

SECREGATED BY SECTIONS 99234 and 99400(a)
OF THE PUBLIC UTILITIES CODE
DRY

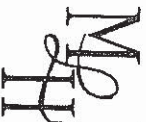
COUNTY OF MONTEREY
TRANSPORTATION DEVELOPMENT ACT FUNDS
SECTIONS 99234 and 99400(a) OF THE PUBLIC UTILITIES CODE
TABLE OF CONTENTS
June 30, 2011

Independent Auditors' Report	1
Financial Statements:	
Balance Sheet	2
Statement of Revenues, Expenditures, and Changes in Fund Balance.....	3
Notes to Financial Statements	4

SUPPLEMENTARY INFORMATION SECTION:

Independent Auditors' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	5
--	---

DRAFT



MOSS, LEVY & HARTZHEIM LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

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

INDEPENDENT AUDITORS' REPORT

Board of Supervisors
County of Monterey
Salinas, California

We have audited the financial statements of the County of Monterey Transportation Development Act Fund allocated for non-transit purposes as of and for the fiscal year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the financial statements present only the County of Monterey Transportation Development Act Fund allocated for non-transit purposes and is 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.

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the County of Monterey Transportation Development Act Fund allocated for non-transit purposes as of June 30, 2011, and the results of its operations for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 9, 2012, on our consideration of the County of Monterey Transportation Development Act Fund allocated for non-transit purposes' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

MOSS, LEVY & HARTZHEIM LLP

March 9, 2012

COUNTY OF MONTEREY
TRANSPORTATION DEVELOPMENT ACT FUND
SECTIONS 99234 and 99400(a) OF THE PUBLIC UTILITIES CODE
BALANCE SHEET
 June 30, 2011

	99234	99400(a)	2011
ASSETS			
Cash	\$ -	\$ -	\$ -
Total assets	\$ -	\$ -	\$ -

LIABILITIES AND FUND BALANCE

Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Fund Balance			
Restricted for road and bike pathway construction	\$ -	\$ -	\$ -
Total liabilities and fund balance	\$ -	\$ -	\$ -

DRAFT

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONTEREY
TRANSPORTATION DEVELOPMENT ACT FUND
SECTIONS 99234 and 99400(a) OF THE PUBLIC UTILITIES CODE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2011

	99234	99400(a)	2011
Revenues:			
Local transportation funds	\$ 349,566	\$ 108,597	\$ 458,163
Total revenues	349,566	108,597	458,163
Expenditures:			
Bike and pathway	349,566		349,566
Street maintenance		108,597	108,597
Total expenditures	349,566	108,597	458,163

Excess (deficit) revenues over expenditures

Fund balance, beginning of fiscal year

Fund balance, end of fiscal year

	\$ -	\$ -	\$ -
DRAFT			

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONTEREY
TRANSPORTATION DEVELOPMENT ACT FUNDS
SECTIONS 99234 and 99400(a) OF THE PUBLIC UTILITIES CODE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Transportation Development Act Fund allocated for non transit purposes of the County of Monterey (the County) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

A. The Reporting Entity

The financial statements are intended to present the financial position and results of the operations of only those transactions attributable to the Transportation Development Act Fund allocated for non-transit purposes of the County of Monterey. The County of Monterey's basic financial statements are available from the Office of the Auditor-Controller at 168 W. Alisal Street, Salinas, CA 93901.

B. Fund Accounting

The County of Monterey uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn is divided into separate "fund types". The County utilizes the special revenue fund type of the governmental fund category to report its financial activity of the Transportation Development Act Fund.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of capital assets (capital projects funds), and the servicing of long-term debt (debt service funds).

The general fund is used to account for all activities of the general government not accounted for in some other fund.

C. Basis of Accounting

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

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when related fund liability is incurred.

D. Cash

The County of Monterey maintains a cash and investment pool, and allocates interest to the various funds based upon the average monthly cash balances. Information regarding categorization of investments can be found in the County of Monterey's Basic Financial Statements.

SUPPLEMENTARY INFORMATION SECTION

DRAFT



MOSS, LEVY & HARTZHEIM LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

Board of Supervisors
County of Monterey
Salinas, California

We have audited the financial statements of the County of Monterey Transportation Development Act Fund allocated for non-transit purposes as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated March 9, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit was further made to determine that allocations made to and expenditures made by the County were made in accordance with the rules and regulations of the Transportation Agency for Monterey County and in conformance with the Transportation Development Act.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the County of Monterey Transportation Development Act Fund allocated for non-transit purposes' financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Monterey Transportation Development Act Fund allocated for non-transit purposes' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. We have examined the County of Monterey Transportation Development Act Fund's compliance with Transportation Development Act (TDA) requirements that funds allocated to and

received by the County were expended in conformance with applicable statutes, rules, and regulations of the TDA and the allocation instructions and resolutions of the Transportation Agency for Monterey County as required by Section 6666 of Title 21, Division 3, Chapter 2, Article 5.5 of the California Code of Regulations during the fiscal year ended June 30, 2010. Section 6666 requires that for a non-transit claimant, the independent auditor shall perform at least the following tasks: (a) Determine whether the funds received by the claimant pursuant to the Act were expended in conformance with those sections of the Act specifying the qualified purposes, including Public Utilities Code section 99402 for streets and roads claimants and section 99233.3 for claimants under that section for pedestrian and bicycle facilities and bicycle safety education programs, (b) Determine whether the funds received by the claimant pursuant to the Act were expended in conformance with the applicable rules, regulations, and procedures of the transportation-planning agency and in compliance with the allocation instructions, and (c) Determine whether interest earned on funds received by the claimant pursuant to the Act were expended only for those purposes for which the funds were allocated, in accordance with Public Utilities Code sections 99301 and 99301.5. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements.

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2011.

This report is intended solely for the information of the management, the Transportation Agency for Monterey County, and the State Controller's Office and is not intended to be and should not be used by anyone other than those specified parties.

MOSS, LEVY & HARTZHEIM LLP

March 9, 2012

DRAFT