

**TRANSPORTATION AGENCY  
FOR MONTEREY COUNTY**

SINGLE AUDIT REPORT

June 30, 2007

**TRANSPORTATION AGENCY FOR MONTEREY COUNTY**

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June 30, 2007

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**SINGLE AUDIT REPORT**

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MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

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

Transportation Agency for Monterey County  
Salinas, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Transportation Agency for Monterey County as of and for the fiscal year ended June 30, 2007, which collectively comprise the Transportation Agency for Monterey County's basic financial statements and have issued our report thereon dated February 11, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States such that there is more than a remote likelihood that a misstatement of the Agency's financial statements that is more than inconsequential will not be prevented or detected by the Agency's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Agency's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 Transportation Agency for Monterey County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

MOSS, LEVY & HARTZHEIM, LLP

*Moss, Levy & Hartzheim LLP*

February 11, 2008

TRANSPORTATION AGENCY FOR MONTEREY COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Fiscal Year Ended June 30, 2007

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	Federal Catalog Number	Identifying Number	Program Expenditures
<b>U.S. Department of Transportation</b>			
Pass-Through Grant:			
Association of Monterey Bay Area Governments			
Metropolitan Planning	20.205		\$ 270,298
Federal Earmark	20.205	DEMI15L-6091(023)	29,819
Monterey-Salinas Transit			
Congestion, Mitigation, and Air Quality	20.205	CA-90-Y322-00	243,128
Congestion, Mitigation, and Air Quality	20.205	CA-90-X789-00	<u>41,320</u>
<b>Total expenditures of federal awards</b>			<u>\$ 584,565</u>

See note to the schedule of expenditures of federal awards

**TRANSPORTATION AGENCY FOR MONTEREY COUNTY**  
**NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
June 30, 2007

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**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Transportation Agency for Monterey County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



# MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

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**AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

Transportation Agency for Monterey County  
Salinas, California

### Compliance

We have audited the compliance of the Transportation Agency for Monterey County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the fiscal year ended June 30, 2007. The Transportation Agency for Monterey County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of audit findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Transportation Agency for Monterey County's management. Our responsibility is to express an opinion on the Transportation Agency for Monterey County's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Transportation Agency for Monterey County'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. Our audit does not provide legal determination on the Transportation Agency for Monterey County's compliance with those requirements.

In our opinion, the Transportation Agency for Monterey County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2007.

### Internal Control Over Compliance

The management of the Transportation Agency for Monterey County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Transportation Agency for Monterey County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Transportation Agency for Monterey County's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Transportation Agency for Monterey County's internal control.

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

#### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Transportation Agency for Monterey County as of and for the fiscal year ended June 30, 2007, and have issued our report thereon dated February 11, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Transportation Agency for Monterey County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

MOSS, LEVY & HARTZHEIM, LLP

*Moss, Levy & Hartzheim LLP*  
February 11, 2008

## **FINDINGS AND RECOMMENDATIONS**

TRANSPORTATION AGENCY FOR MONTEREY COUNTY  
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
 June 30, 2007

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Section I – Summary of Auditor’s Results

*Financial Statements*

Type of auditor’s report issued Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	_____	Yes	<u>  X  </u>	No
Reporting condition(s) identified not considered to be material weaknesses?	_____	Yes	<u>  X  </u>	None reported
Noncompliance material to financial statements noted?	_____	Yes	<u>  X  </u>	No

*Federal Awards*

Internal control over major programs:

Material weakness(es) identified?	_____	Yes	<u>  X  </u>	No
Reporting condition(s) identified not considered to be material weaknesses?	_____	Yes	<u>  X  </u>	None reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)	_____	Yes	<u>  X  </u>	No
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Identification of major programs:

<u>CFDA Number (s)</u>	<u>Name of Federal Program or Cluster</u>
<u>20.205</u>	<u>Congestion, Mitigation, and Air Quality</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
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Auditee qualified as low-risk auditee:	<u>  X  </u>	Yes	_____	No
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TRANSPORTATION AGENCY FOR MONTEREY COUNTY  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
June 30, 2007

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No findings or questioned costs.

TRANSPORTATION AGENCY FOR MONTEREY COUNTY  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS  
June 30, 2007

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No findings or questioned costs