

**TRANSPORTATION AGENCY
FOR MONTEREY COUNTY**

SINGLE AUDIT REPORT

June 30, 2005

TRANSPORTATION AGENCY FOR MONTEREY COUNTY

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June 30, 2005

SINGLE AUDIT REPORT

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MOSS, LEVY & HARTZHEIM

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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, 2005, which collectively comprise the Transportation Agency for Monterey County's basic financial statements and have issued our report thereon dated October 7, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Transportation Agency for Monterey County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters that we reported to the management of Transportation Agency for Monterey County in a separate letter dated October 7, 2005.

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. As part of our audit, we tested for whether the Transportation Agency for Monterey County complied with laws, rules and regulations of the Transportation Development Act, Sections 99233.1 and 99400 (a), as amended, including Section 6666 of Title 21 of the California Administrative Code; and compliance requirements for state subvention funding as outlined by the California Division of Transportation Planning; and the allocation instructions and resolutions of the Transportation Agency for Monterey County. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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

Moss, Levy & Hartzheim

October 7, 2005

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2005

| | <u>Federal Catalog Number</u> | <u>Identifying Number</u> | <u>Program Expenditures</u> |
|--|---------------------------------------|-------------------------------|---------------------------------|
| U.S. Department of Transportation | | | |
| Pass-Through Grant: | | | |
| California Department of Transportation | | | |
| Metropolitan Planning | 20.205 | CA-81-X-005 | \$ 207,919 |
| Congestion, Mitigation, and Air Quality | 20.205 | CA-90-Y322-00 | 321,671 |
| Congestion, Mitigation, and Air Quality | 20.205 | CA-90-X739-00 | 100,000 |
| Congestion, Mitigation, and Air Quality | 20.205 | CA-90-X789-00 | 99,994 |
| Federal Earmark | 20.205 | DEM115L-6091(023) | <u>30,027</u> |
| Total expenditures of federal awards | | | <u><u>\$ 759,611</u></u> |

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2005

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.



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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, 2005. 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, 2005.

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 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 and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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, 2005, and have issued our report thereon dated October 7, 2005. 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

Moss, Levy & Hartzheim

October 7, 2005

FINDINGS AND RECOMMENDATIONS

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 June 30, 2005

Section I – Summary of Auditor’s Results

Financial Statements

| | | | |
|---|--------------------|---------------------|--|
| Type of auditor’s report issued | <u>Unqualified</u> | | |
| Internal control over financial reporting: | | | |
| Material weakness(es) identified? | _____ Yes | <u> X </u> No | |
| Reporting condition(s) identified not considered to be material weaknesses? | <u> X </u> Yes | _____ 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: | <u>Unqualified</u> |
|---|--------------------|

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

Identification of major programs:

CFDA Number (s)

20.205

Name of Federal Program or Cluster

Congestion, Mitigation, and Air Quality

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 300,000

Auditee qualified as low-risk auditee:

| | |
|-----------|-----------------|
| _____ Yes | <u> X </u> No |
|-----------|-----------------|

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SUMMARY OF AUDIT FINDINGS AND QUESTIONED COSTS
June 30, 2005

No findings or questioned costs.

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
June 30, 2005

No findings or questioned costs