

**COUNTY OF MONTEREY**

**TRANSPORTATION DEVELOPMENT  
ACT FUND**

**WITH INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2012**

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

COUNTY OF MONTEREY  
TRANSPORTATION DEVELOPMENT ACT FUNDS  
SECTIONS 99234 and 99400(a) OF THE PUBLIC UTILITIES CODE  
TABLE OF CONTENTS  
June 30, 2012

---

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 *Government Auditing Standards* .....5



**MOSS, LEVY & HARTZHEIM LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

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

2400 PROFESSIONAL PARKWAY, SUITE 205  
SANTA MARIA, CA 93455  
TEL: 805.925.2579  
FAX: 805.925.2147  
www.mlhcpas.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, 2012, 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, 2012, 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 April 8, 2013, 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*

Santa Maria, California  
April 8, 2013

COUNTY OF MONTEREY  
TRANSPORTATION DEVELOPMENT ACT FUND  
SECTIONS 99234 and 99400(a) OF THE PUBLIC UTILITIES CODE  
BALANCE SHEET  
June 30, 2012

---

	<u>99234</u>	<u>99400(a)</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ -	\$ -	\$ -
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Fund Balance			
Restricted for road and bike pathway construction	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2012

---

	<u>99234</u>	<u>99400(a)</u>	<u>Total</u>
<b>Revenues:</b>			
Local transportation funds	\$ 19,801	\$ -	\$ 19,801
Total revenues	<u>19,801</u>		<u>19,801</u>
<b>Expenditures:</b>			
Bike and pathway	<u>19,801</u>		<u>19,801</u>
Total expenditures	<u>19,801</u>		<u>19,801</u>
Excess (deficit) revenues over expenditures			
Fund balance, beginning of fiscal year			
Fund balance, end of fiscal year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2012

---

**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**



MOSS, LEVY & HARTZHEIM LLP  
CERTIFIED PUBLIC ACCOUNTANTS

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

2400 PROFESSIONAL PARKWAY, SUITE 205  
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, 2012, and have issued our report thereon dated April 8, 2013. 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, 2012. 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, 2012.

This report is intended solely for the information of the management, the Board of Supervisors, 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 & Haugheim LLP*

Santa Maria, California  
April 8, 2013