



Moss, Levy & Hartzheim LLP

Certified Public Accountants

Attention: Rita Goel  
Transportation Agency of Monterey County  
55-B Plaza Circle  
Salinas, CA 93901-2902

We are pleased to respond to the Transportation Agency of Monterey County's (the Agency) Request for Proposal for independent auditing services. We have prepared our proposal to address each specification included in the Agency's Request for Proposal.

After 60 years in public accounting and more than 41 years of performing nonprofit and local governmental audits, it is extremely gratifying to witness the continued growth of Moss, Levy & Hartzheim LLP. The firm has evolved from a one-person operation to a regional public accounting firm with offices in Beverly Hills, Santa Maria, and Culver City with clients throughout the State of California, as well as thirty-one other states. We and the entire staff are pleased with not only the continuing development of the firm, but also the progress and economic health of our clients. We understand that governmental accounting is a specialized industry with its own accounting standards and requirements and that is why we strive to constantly improve the quality of our professional services. This degree of dedication coupled with our ability to inform our clients of any new accounting and auditing issues is paramount to our success.

We feel that our size is such that we are large enough to provide a broad spectrum of services and experience backed by an in-house training program, professional development courses, and an extensive professional library, yet not so large as to become impersonal and rigid. Our informal style allows us to be flexible enough to complete our audits in a timely manner that is the most convenient for each client. Also, this style allows us to be more accessible to our clients when our clients have questions or concerns.

It is our understanding that we will be responsible for expressing an opinion on the Agency's financial statements in conformity with accounting principles generally accepted in the United States of America. It is also our understanding that we will be responsible for issuing the following:

1. An auditor's opinion letter on the fair presentation of the financial statements of the Agency in accordance with auditing standards generally accepted in the United States of America.
2. A Management Letter addressed to the Board of Directors of the Agency, setting forth recommendations for improvements in the Agency's accounting systems.
3. We will communicate in a letter to the Director of Finance any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the Agency's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. "Non-reportable conditions" discovered by us will also be communicated in the "Management Letter".
4. We will make immediate, written notification to the Board President and Director of Finance of all irregularities and illegal acts or indications of illegal acts of which we become aware.
5. Fiscal/compliance audit of the LTF #552 as required by Section 6661 of the TDA.
6. Fiscal/compliance audit of TDA Article 8, non-transit claimants including Pedestrian and Bicycle allocations as required under Section 6664 and 6666 of the TDA
7. Fiscal/compliance audit of STA fund #551 as required under Section 6751 of the TDA
8. Fiscal/compliance audit of TAMC's RSTP/State Highway Account trust fund #694
9. Fiscal/compliance audit of the Regional Development Impact Fee Joint Powers Agency, fund #698

10. Preparation and submission of the Report of Financial Transactions to the State Controller's Office.
11. Preparation of a compliance audit report for the Maintenance of Effort requirements of Ordinance 2016-01.
12. Preparation of fiscal/compliance audit of the Measure X's Transportation Safety & Investment Plan fund to verify that the requirements of Ordinance 2016-01 are being met.
13. We will review the fiscal/compliance audits prepared by the thirteen recipients of Measure X sales tax revenue
14. Preparation of a Single Audit Report (if applicable).

We will make all communications to the Agency as required by the audit standards under which the engagement is performed. Those communications include, but are not limited to:

1. The auditors' responsibility under auditing standards generally accepted in the United States of America.
2. Significant accounting policies.
3. Management judgment and accounting estimates.
4. Significant audit adjustments.
5. Other information in documents containing audited financial statements.
6. Disagreements with management.
7. Management consultation with other accountants.
8. Major issues discussed with management prior to retention.
9. Difficulties encountered in performing the audit.
10. Errors, irregularities, and illegal acts.

All work papers and reports will be retained, at our expense, for a minimum of seven years (or the retention timeframe established by the professional standards, whichever is longer) unless the firm is notified in writing by the Agency of the need to extend the retention period. The work papers are subject to review by state and county agencies and other individuals designated by the Agency. Accordingly, the work papers will be made available upon request.

In addition, we will respond to the reasonable inquiries of successor auditors and allow successor auditors to review work papers.

All adjusting journal entries made by us will be discussed and explained to the designated personnel prior to recording.

If convenient for the Agency's staff, the approximate target dates for an audit would be as follows:

1. Preliminary audit entrance conference with staff – May 3
2. Detailed audit plan – May 3
3. Interim Fieldwork- May 3-4
4. Year-end Audit fieldwork – October 10-12
4. Exit conference with staff – October 12
6. Draft of Financial Statements & Management Letter – November 2
7. Draft of Maintenance of Effort & Safety & Investments Plan Audits – November 9
7. Issue Audit Report and final Management Letter – within three days of the Agency's final approval of these documents
8. Present and discuss annual financial statements with the Board – Date of Agency's Choice

Minimal assistance of the Agency's staff is required during the course of the audit, however, we ask that the Agency provide the following: cooperation in answering questions, requested audit confirmations, bank reconciliations, trial balance at June 30, 2018, detailed general ledger for the fiscal year, and other original documentation supporting amounts and disclosures in the financial statements.

This proposal is a firm and irrevocable offer until March 15, 2018.

Thank you for your consideration and please do not hesitate to contact the authorized representative listed below with any questions, problems, or concerns.

Ronald A. Levy, CPA  
Partner  
2400 Professional Parkway, Ste. 205  
Santa Maria, CA 93455  
(805) 925-2579

Sincerely,

  
Ronald A. Levy, CPA