



REQUEST FOR CITY COUNCIL ACTION

MEETING DATE: FEBRUARY 28, 2012

TITLE: TRANSPORTATION DEVELOPMENT ACT AUDIT REPORTS

Director of Administrative Services

City Manager

RECOMMENDED ACTION

1. Receive and file the City of Irvine Transportation Development Act Funds audit report for the year ended June 30, 2011.
2. Receive and file the Jewish Federation and Family Services of Orange County Transportation Development Act Funds audit report of the year ended June 30, 2011.

EXECUTIVE SUMMARY

The City entered into Cooperative Agreements with the Orange County Transportation Authority (OCTA) for two types of Transportation Development Act (TDA) funding. TDA Article 3 funding is used to enhance the bicycle and pedestrian facilities in accordance with Section 99234 of the California Public Utilities Code. TDA Article 4.5 funding provides transportation services to eligible individuals in accordance with Section 99275 of the California Public Utilities Code. OCTA contracted with an independent audit firm to conduct the fiscal year 2010-11 audits. The auditors provided an unqualified opinion, meaning the financial statements present fairly, in all material respects, the financial position of the TDA Funds of the City for the year ended June 30, 2011.

COMMISSION/BOARD/COMMITTEE RECOMMENDATION

Not Applicable.

ANALYSIS

In October 2001, the OCTA Board of Directors authorized OCTA's Senior Mobility Program (TDA Article 4.5) to fill the gap between local fixed route buses and American with Disabilities Act paratransit, or ACCESS service, by providing local transportation services to seniors in participating cities in Orange County. The City participates with OCTA in the Senior Mobility Program through the development of the TRIPS program. The TRIPS program provides Irvine residents who are unable to drive due to a

permanent physical and/or cognitive disability, transportation services including door-to-door service for excursions such as medical appointments, work, school, or social outings.

In December 2008, the Jewish Federation and Family Services of Orange County (JFS) entered in to a Cooperative Agreement (Agreement) with OCTA and the City to provide community transit services, including services for the disabled who cannot use conventional transit services. The agreement provides that TDA Article 4.5 funds allocated by OCTA to JFS are to be passed through the City to JFS.

In February 2008, OCTA awarded \$248,967 of TDA Article 3 grant funds to the City for the Irvine Business Complex Sidewalk Enhancement at Dupont and Murphy, which added approximately 1,200 linear feet of missing sidewalk in the Irvine Business Complex area. The City provided \$111,855 of matching IBC Transportation Management Program funding as required for the grant. The sidewalk enhancement project was completed in FY 2010-11.

The California Code of Regulation, Title 21 Public Works, Section 6663, requires OCTA to perform an annual audit of each agency receiving an allocation of TDA funding. OCTA is also required to transmit a copy of the audit report to the State Controller. The financial statements and independent auditor's report submitted to the State Controller's Office (Attachments 1 and 2) showed no instances of noncompliance for the fiscal year ended June 30, 2011.

ALTERNATIVES CONSIDERED

Not Applicable.

FINANCIAL IMPACT

The unqualified audit report will allow the City and the Jewish Federation and Family Services of Orange County to continue to receive TDA funding through OCTA. The audit cost was borne entirely by OCTA.

REPORT PREPARED BY Ian Wuh, Accountant

ATTACHMENTS:

Attachment 1: City of Irvine Transportation Development Act Fund Financial Statements and Supplemental Data for the Year Ended June 30, 2011.

Attachment 2: Jewish Federation and Family Services of Orange County Transportation Development Act Funds Financial Statements for the Year Ended June 30, 2011.

CITY OF IRVINE, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
Financial Statements and Supplemental Data
Year Ended June 30, 2011

CITY OF IRVINE, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS

Financial Statements
Year Ended June 30, 2011

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Orange County Transportation Authority
Orange, California

We have audited the accompanying financial statements of the Transportation Development Act (TDA) Article 3 and Article 4.5 Funds (Funds) of the City of Irvine, California (City), as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the management of the City. Our responsibility is to express an opinion on these financial statements based on our audit. Prior year partial comparative information for Article 3 and 4.5 Funds have been derived from the TDA Funds financial statements of the City for the year ended June 30, 2010, which were audited by other auditors who, in their report dated December 21, 2010, expressed an unqualified opinion.

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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present the TDA Funds of the City only and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2011, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the TDA Funds of the City as of June 30, 2011 and the changes in financial position thereof for the 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 December 15, 2011 on our consideration of the City's internal control over financial reporting for the TDA Funds, and our tests of its compliance with certain provisions of laws, regulations, contracts, grant 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.

The information identified in the accompanying table of contents as Required Supplementary Information is not a required part of the financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries with management regarding the methods of measurement and presentation of the required supplementary information; however, we did not audit the information and express no opinion on it.

The City has not presented the *Management's Discussion and Analysis* for the TDA Funds that the Governmental Accounting Standards Board (GASB) has determined necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the TDA Funds' basic financial statements. The accompanying capital projects fund schedule of revenues, expenditures and changes in fund balance and the schedule of allocations are presented for purposes of additional analysis and are 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.



Laguna Hills, California
December 15, 2011

**CITY OF IRVINE, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS**

BALANCE SHEET

JUNE 30, 2011

(with Comparative Totals for June 30, 2010)

	Article 3		Article 4.5	
	2011	2010	2011	2010
ASSETS				
Due from Other Governments	\$ -	\$ 29,934	\$ -	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 29,934</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE				
Deferred Revenue	\$ -	\$ 29,934	\$ -	\$ -
Due to City of Irvine	-	76,560	-	-
Total Liabilities	-	106,494	-	-
Fund Balance	-	(76,560)	-	-
Total Liabilities and Fund Balance	<u>\$ -</u>	<u>\$ 29,934</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**CITY OF IRVINE, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2011
(with Comparative Totals for the Year Ended June 30, 2010)**

	Article 3		Article 4.5	
	2011	2010	2011	2010
REVENUES				
TDA Allocation	\$ 103,238	\$ 47,756	\$ 93,151	\$ 87,031
City Match	-	73,875	577,814	551,485
Fares Revenue	-	-	43,114	36,850
Donations	-	-	144	-
Interest	-	-	481	571
Total Revenues	103,238	121,631	714,704	675,937
EXPENDITURES				
Current:				
TDA Expenditures	641	151,565	714,704	675,937
Total Expenditures	641	151,565	714,704	675,937
Excess (deficiency) of revenues over (under) expenditures	102,597	(29,934)	-	-
OTHER FINANCING SOURCES (USES)				
Transfers to the City of Irvine	(26,037)	-	-	-
Fund Balance at Beginning of Year	(76,560)	(46,626)	-	-
Fund Balance at End of Year	\$ -	\$ (76,560)	\$ -	\$ -

See accompanying notes to financial statements.

**CITY OF IRVINE, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 – GENERAL INFORMATION

The financial statements are intended to reflect the financial position and results of operations of the City of Irvine (City) Transportation Development Act (TDA) Article 3 and Article 4.5 Funds (Funds) only. Accordingly, the financial statements do not purport to, and do not, present fairly the financial position of the City and changes in financial position thereof for the years then ended in conformity with generally accepted accounting principles in the United States of America.

Article 3 Bicycle and Pedestrian Facilities

The City has entered into a Cooperative Agreement (TDA 3 Agreement) with OCTA to enhance bicycle and pedestrian facilities in accordance with Section 99234 of the California Public Utilities Code (Code). According to the Code, Article 3 monies may only be used for facilities provided for the exclusive use of pedestrians and bicycles, including the construction and related engineering expenditures of those facilities, the maintenance of bicycle trails (that are closed to motorized traffic) and bicycle safety education programs. TDA 3 Funds may also be used for transportation-related projects that enhance quality of life through the design of pedestrian walkways and bicycle facilities. TDA 3 projects may be stand-alone projects, such as projects that serve the needs of commuting bicyclists, including, but not limited to, new trails serving major transportation corridors, secure bicycle parking at employment centers, park and ride lots and transit terminals where other funds are available. TDA 3 projects may also be add-ons to normal transportation projects, such as additional sidewalk and bike lanes on a bridge, enhanced pedestrian lighting, and median refuge islands for pedestrians

When an approved project is ready for construction, as evidenced by a contract award or commitment of the participating agency's resources, the participating agency submits a claim to OCTA for disbursement of TDA Funds. The participating agency may submit the claim either prior or subsequent to incurring project expenditures. After review and approval of the claim, OCTA issues the allocation disbursement instructions to the County Auditor-Controller. Following instruction from OCTA, funds are disbursed from the County Local Transportation Fund to the participating agency. In accordance with the agreement, the City is required to provide matching funds equal to 31% of the project costs. The City satisfied its required match in the prior fiscal year (2009-10).

Article 4.5 Paratransit Operating and Capital Program

The City has entered into a Cooperative Agreement (TDA 4.5 Agreement) with OCTA to provide transportation services to eligible individuals in accordance with Section 99275 of the California Public Utilities Code (Code). According to the Code, TDA funds may only be expended for community transit services, including services for the disabled who are unable to use conventional transit services. In accordance with the TDA 4.5 Agreement, the City is required to provide matching funds equal to 20% of the allocation amount. The City satisfied its required match for the fiscal year ended June 30, 2011.

**CITY OF IRVINE, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the TDA Funds of the City conform to accounting principles generally accepted in the United States of America. The following is a summary of significant accounting policies.

Fund Accounting

The Article 3 and Article 4.5 TDA Funds are accounted for in separate accounts within the City's Capital Projects Fund and the City's General Fund, respectively.

The accounts of the City are organized on the basis of funds. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related benefits, and equity, segregated for the purpose of carrying out specific activities.

Capital Projects Funds of the City are used to account for the proceeds of revenue sources that are restricted, committed, or assigned for specified projects. The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. Expenditures of this fund include general operating expenditures.

Measurement Focus and Basis of Accounting

The General Fund and the Capital Projects Fund of the City are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred.

Cash and Investments

Cash and investments are pooled to facilitate cash management and maximize investment opportunities and yields. Investment income resulting from this pooling is allocated to the respective funds including the TDA Funds based upon the average cash balance. The investment policies and the risks related to GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, applicable to the TDA Funds, are those of the City and are disclosed in the City's basic financial statements. The City's basic financial statements can be obtained at City Hall.

Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fares Revenue

The City collects fees from riders eligible under the Senior Mobility Program. The revenue received from these fees aids the City in meeting its match requirement.

**CITY OF IRVINE, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comparative Data

Selected information from the prior fiscal year has been included in the accompanying financial statements in order to provide an understanding of changes in the TDA Funds financial position and operations. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's TDA 3 and 4.5 Funds financial statements for the year ended June 30, 2010, from which this selected financial data was derived.

GASB Pronouncements

During the fiscal year 2010-11, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the TDA Funds use of the resources reported in the governmental funds. This statement did not have a significant impact on the TDA Funds financial statements.

NOTE 3 – TRANSFER TO THE CITY OF IRVINE

In fiscal year 2009-10, the City expended more TDA Article 3 funds than was requested from OCTA for reimbursement. Due to the timing of the City's request for reimbursement, \$26,027 was temporarily transferred from Irvine Business Complex Fund until reimbursement was requested and received in fiscal year 2010-11.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF IRVINE, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS**

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011**

Article 4.5	Budget		Actual	Variance From
	Original	Final		Final Budget Favorable (Unfavorable)
REVENUES				
TDA Allocation	\$ 93,151	\$ 93,151	\$ 93,151	\$ -
City Match	642,723	642,723	577,814	(64,909)
Fares Revenue	36,000	36,000	43,114	7,114
Donations	-	-	144	144
Interest	-	-	481	481
Total Revenues	<u>771,874</u>	<u>771,874</u>	<u>714,704</u>	<u>(57,170)</u>
EXPENDITURES				
Current:				
TDA Expenditures	<u>735,874</u>	<u>735,874</u>	<u>714,704</u>	<u>21,170</u>
Total Expenditures	<u>735,874</u>	<u>735,874</u>	<u>714,704</u>	<u>21,170</u>
Excess (deficiency) of revenues over (under) expenditures	36,000	36,000	-	(36,000)
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	<u>\$ 36,000</u>	<u>\$ 36,000</u>	<u>\$ -</u>	<u>\$ (36,000)</u>

See accompanying note to required supplementary information.

SUPPLEMENTARY INFORMATION

**CITY OF IRVINE, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS**

**CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011**

Article 3

	Budget		Actual	Variance From
	Original	Final		Final Budget Favorable (Unfavorable)
REVENUES				
TDA Allocation	\$ 201,211	\$ 201,211	\$ 103,238	\$ (97,973)
Total Revenues	201,211	201,211	103,238	(97,973)
EXPENDITURES				
Current:				
TDA Expenditures	209,257	209,257	641	208,616
Total Expenditures	209,257	209,257	641	208,616
Excess (deficiency) of revenues over (under) expenditures	(8,046)	(8,046)	102,597	110,643
OTHER FINANCING SOURCES (USES)				
Transfers to the City of Irvine	(26,037)	(26,037)	(26,037)	-
Fund Balance at Beginning of Year	(76,560)	(76,560)	(76,560)	-
Fund Balance at End of Year	\$ (110,643)	\$ (110,643)	\$ -	\$ 110,643

**CITY OF IRVINE, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS**

**SCHEDULE OF ALLOCATIONS RECEIVED AND EXPENDED, BY PROJECT YEAR
YEAR ENDED JUNE 30, 2011**

Article 3 Fund				Unspent			Unspent	
Project Description	Project Type	Year Allocated	Allocation Amount	Allocations at 06/30/2010	Receipts	Expenditures	Allocations at 06/30/2011	Project Status
Irvine Business Complex Sidewalk Enhancement Dupont and Murphy	Local	2010-11	\$ 103,238	\$ -	\$ 103,238	\$ 641	\$ -	Completed
Totals			<u>\$ 103,238</u>	<u>\$ -</u>	<u>\$ 103,238</u>	<u>\$ 641</u>	<u>\$ -</u>	

Article 4.5 Fund				Unspent			Unspent	
Project Description	Project Type	Year Allocated	Allocation Amount	Allocations at 06/30/2010	Receipts	Expenditures	Allocations at 06/30/2011	Project Status
Senior Mobility Program	Local	2010-11	\$ 93,151	\$ -	\$ 93,151	\$ 93,151	\$ -	Completed
Interest					481	481	-	
Totals			<u>\$ 93,151</u>	<u>\$ -</u>	<u>\$ 93,632</u>	<u>\$ 93,632</u>	<u>\$ -</u>	



**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***

We have audited the financial statements of the Transportation Development Act (TDA) Article 3 and Article 4.5 Funds (TDA Funds) of the City of Irvine, California (City), as of and for the year ended June 30, 2011, and have issued our report thereon dated December 15, 2011. Our report included an explanatory paragraph stating that the financial statements of the TDA Funds do not purport to, and do not, present fairly the financial position of the City as of June 30, 2011. 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

Management of the City is responsible for establishing and maintaining internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting of the TDA Funds as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's TDA Funds financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the 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 of the TDA Funds of the City that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Funds of the City are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Sections 6666 and 6667 of Part 21 of the California Code of Regulations and the allocation instructions of the Orange County Transportation Authority, 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*, including the requirements of Sections 6666 and 6667 of Part 21 of the California Code of Regulations and the allocation instructions of the Orange County Transportation Authority.

This report is intended solely for the information of management of the City of Irvine and the Orange County Transportation Authority and is not intended to be and should not be used by anyone other than these specified parties.



Laguna Hills, California
December 15, 2011

**JEWISH FEDERATION AND FAMILY SERVICES
OF ORANGE COUNTY
TRANSPORTATION DEVELOPMENT ACT FUNDS**

**FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

**JEWISH FEDERATION AND FAMILY SERVICES OF ORANGE COUNTY
TRANSPORTATION DEVELOPMENT ACT FUNDS**

YEAR ENDED JUNE 30, 2011

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Orange County Transportation Authority
Orange, California

We have audited the accompanying statement of financial position of the Transportation Development Act (TDA) Article 4.5 Funds (Funds) of Jewish Federation and Family Services of Orange County (a non-profit corporation) (JFS), and a subrecipient of the City of Irvine, California (City), as of June 30, 2011, and the related statements of activities and cash flows, for the year then ended. These financial statements are the responsibility of the management of JFS. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the JFS's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present the TDA Funds of JFS only and do not purport to, and do not, present fairly the financial position of JFS as of June 30, 2011, the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the TDA Funds of JFS as of June 30, 2011, the changes in its net assets and its cash flows for the 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 December 14, 2011 on our consideration of JFS's internal control over financial reporting for the TDA Funds, and our tests of its compliance with certain provisions of laws, regulations, contracts, grant 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the TDA Funds' basic financial statements. The accompanying schedule of allocations is presented for purposes of additional analysis 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 financial statements taken as a whole.

Vavrinch, Tarr, Day & Co., LLP

Laguna Hills, California
December 14, 2011

**JEWISH FEDERATION AND FAMILY SERVICES OF ORANGE COUNTY
TRANSPORTATION DEVELOPMENT ACT FUND**

**STATEMENT OF FINANCIAL POSITION
JUNE 30, 2011**

	<u>Article 4.5</u>
ASSETS	
Cash and Cash Equivalents	<u>\$ -</u>
NET ASSETS	
Temporarily Restricted	<u>\$ -</u>

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

**JEWISH FEDERATION AND FAMILY SERVICES OF ORANGE COUNTY
TRANSPORTATION DEVELOPMENT ACT FUNDS**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
TDA Allocation	\$ -	\$ 67,435	\$ 67,435
Local Match	-	13,487	13,487
Ridership Fees	-	27,889	27,889
Released from Temporary Restriction	<u>108,811</u>	<u>(108,811)</u>	<u>-</u>
Total Public Support and Revenue	<u>108,811</u>	<u>-</u>	<u>108,811</u>
EXPENSES			
Program Services:			
TDA Expenses	<u>108,811</u>	<u>-</u>	<u>108,811</u>
Total Expenses	<u>108,811</u>	<u>-</u>	<u>108,811</u>
Change in Net Assets	-	-	-
Net Assets, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**JEWISH FEDERATION AND FAMILY SERVICES OF ORANGE COUNTY
TRANSPORTATION DEVELOPMENT ACT FUNDS**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011**

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ -
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Changes in operating assets and liabilities	-
Net cash flows from operating activities	<u>-</u>
Net change in cash and cash equivalents	-
Cash and cash equivalents, beginning of year	-
Cash and cash equivalents, end of year	<u><u>\$ -</u></u>

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

**JEWISH FEDERATION AND FAMILY SERVICES OF ORANGE COUNTY
TRANSPORTATION DEVELOPMENT ACT FUNDS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

The financial statements are intended to reflect the financial position and results of operations of Jewish Federation and Family Services of Orange County (JFS) Transportation Development Act (TDA) Article 4.5 Funds (Funds) only. Accordingly, the financial statements do not purport to, and do not, present fairly the financial position of JFS and changes in net assets and cash flows thereof for the year then ended in conformity with generally accepted accounting principles in the United States of America.

On December 1, 2008, JFS entered into a Cooperative Agreement (Agreement) with OCTA and the City of Irvine (City) to provide transportation services to eligible individuals in accordance with Section 99275 of the California Public Utilities Code (Code). The Agreement extends through June 30, 2011. The Agreement provides that all TDA Program monies are to be passed through the City to JFS. According to the Code, TDA Program funds may only be expended for community transit services, including services for the disabled who cannot use conventional transit services. In accordance with the Agreement, JFS is required to provide matching funds equal to 20% of the allocation amount. JFS satisfied its required match of the fiscal year ended June 30, 2011.

Nature of Activities

JFS was organized in 1971 as a not-for-profit organization and is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. The purpose of JFS is to provide social service assistance, including transportation services, to Jewish senior adults in Orange county, 60 years and older, who cannot drive or who have limited ability to drive.

For information regarding JFS's financial position and activities contact JFS's management at 1 Federation Way, Suite 210, Irvine, California.

Financial Statement Presentation and Basis of Accounting

The TDA Funds financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The TDA Funds are required to present a statement of cash flows. Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting.

The TDA Funds report information regarding the TDA Funds financial position and activities according to three classes of net assets: Unrestricted Net assets, Temporarily Restricted Net Assets, and Permanently Restricted Net Assets. Unrestricted Net Assets are net assets that are neither permanently restricted nor temporarily restricted by donor imposed stipulations. Temporarily Restricted Net Assets are net assets that result from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be removed by actions of JFS pursuant to those stipulations. Permanently Restricted Net Assets are net assets resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by the action of JFS.

JEWISH FEDERATION AND FAMILY SERVICES OF ORANGE COUNTY
TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Program Expenses

The TDA Funds support the Senior Mobility Program which provides transportation to seniors within the local community. The costs to support the program include supportive staff costs, vehicle maintenance, including administrative costs, which are all considered direct expenses by JFS.

Income Taxes

JFS is exempt from Federal income and California franchise taxes under Section 501(c) (3) of the Internal Revenue Code and corresponding California provisions. Accordingly, no provision for income taxes has been recorded in the financial statements.

Statement of Cash Flows

The indirect method is used to report cash flows from operating activities. Cash and cash equivalents include short term highly liquid cash balances with maturities of less than 90 days, not restricted by donors for specific purposes.

Subsequent Events

In May 2009, the Financial Accounting Standards Board (FASB) issued guidance which requires the effects of events that occur subsequent to the balance sheet date be evaluated through the date the financial statements are either issued or available to be issued. Entities are to disclose the date through which subsequent events have been evaluated and whether that date is the date the financial statements were issued or the date the financial statements were available to be issued. Entities are required to reflect in their financial statements the effects of subsequent events that provide additional evidence about conditions at the balance sheet date (recognized subsequent events). Entities are also prohibited from reflecting in their financial statements the effects of subsequent events that provide evidence about condition that arose after the balance sheet date (nonrecognized subsequent events), but requires information about those events to be disclosed if the financial statements would otherwise be misleading. This guidance was effective for annual financial periods ended after June 15, 2009 with prospective application. JFS adopted the guidance for the year ended June 30, 2011, by including the required disclosures in Note 2 to the financial statements.

Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles

In June 2009, accounting standards were revised to establish the Accounting Standards Codification (the Codification) as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The Codification does not change current GAAP, but is intended to simplify user access to all authoritative GAAP by providing all the authoritative literature related to a particular topic in one place. The Codification is effective for annual periods ended after September 15, 2009, and as of the effective date, all existing accounting standard documents were superseded. These statements were prepared in accordance with this codification.

**JEWISH FEDERATION AND FAMILY SERVICES OF ORANGE COUNTY
TRANSPORTATION DEVELOPMENT ACT FUNDS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Investments

Cash and investments are pooled to facilitate cash management and maximize investment opportunities and yields. Investment income resulting from this pooling is allocated to the respective funds including the TDA Funds based upon the average cash balance. The investment policies and any related risks, applicable to the TDA Funds, are those of JFS and are disclosed in JFS's basic financial statements. JFS's basic financial statements can be obtained at JFS, Irvine, California.

NOTE 2 – SUBSEQUENT EVENTS

JFS' management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through December 14, 2011, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

SUPPLEMENTARY INFORMATION

**JEWISH FEDERATION AND FAMILY SERVICES OF ORANGE COUNTY
TRANSPORTATION DEVELOPMENT ACT FUNDS**

**SCHEDULE OF ALLOCATIONS RECEIVED AND EXPENDED, BY PROJECT YEAR
YEAR ENDED JUNE 30, 2011**

<u>Project Description</u>	<u>Project Type</u>	<u>Year Allocated</u>	<u>Allocation Amount</u>	<u>Unspent Allocations at 06/30/2010</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Unspent Allocations at 06/30/2011</u>	<u>Project Status</u>
Senior Transportation Program	Local	2010-11	\$ 67,435	\$ -	\$ 67,435	\$ 67,435	\$ -	Completed
Totals			<u>\$ 67,435</u>	<u>\$ -</u>	<u>\$ 67,435</u>	<u>\$ 67,435</u>	<u>\$ -</u>	



**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**

We have audited the financial statements of the Transportation Development Act (TDA) Article 4.5 Funds (TDA Funds) of Jewish Federation and Family Services of Orange County (a non-profit corporation) (JFS), a subrecipient of the City of Irvine, California (City of Irvine), as of and for the year ended June 30, 2011, and have issued our report thereon dated December 14, 2011. Our report included an explanatory paragraph stating that the financial statements of the TDA Funds do not purport to, and do not, present fairly the financial position of JFS as of June 30, 2011. 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

Management of JFS is responsible for establishing and maintaining internal control over financial reporting. In planning and performing our audit, we considered JFS's internal control over financial reporting of the TDA Funds as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of JFS'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of JFS's TDA Funds financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the 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 of the TDA Program of JFS that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Funds of JFS are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Section 6667 of Part 21 of the California Code of Regulations and the allocation instructions of the Orange County Transportation Authority, 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*, including the requirements of Section 6667 of Part 21 of the California Code of Regulations and the allocation instructions of the Orange County Transportation Authority.

This report is intended solely for the information of management of JFS, the City of Irvine, and the Orange County Transportation Authority and is not intended to be and should not be used by anyone other than these specified parties.

Vavinich, Train, Dog Co, LLP

Laguna Hills, California
December 14, 2011

**JEWISH FEDERATION AND FAMILY SERVICES OF ORANGE COUNTY
TRANSPORTATION DEVELOPMENT ACT FUNDS**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDING
YEAR ENDED JUNE 30, 2011**

<u>Finding</u>	<u>Status</u>
2010-1 Taxi Voucher	Implemented