



**Mayer Hoffman McCann P.C.**

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To the Executive Committee of the  
Coachella Valley Association of Governments  
Palm Desert, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Coachella Valley Association of Governments (“Association”) for the year ended June 30, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 13, 2011. Professional standards also require that we communicate to you the following information related to our audit.

### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Association are described in Note 1 to the financial statements. The Association implemented GASB Statement No. 54 during the fiscal year which changed the reporting of fund types and fund balance classifications for governmental funds. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Association’s financial statements were:

- Judgments involving the useful lives and depreciation methodology to use for capital assets.
- Management’s estimate of the fair market value of investments which is based on market values by outside sources.
- Judgments concerning collectability of receivables.

### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

***Disagreements with Management***

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated February 14, 2012.

***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Executive Committee and management of the Association and is not intended to be and should not be used by anyone other than these specified parties.

*Mayer Hoffman McCann P.C.*

Irvine, California  
February 14, 2012

**Coachella Valley Association of Governments**  
**Summary of Passed Audit Adjustments**  
**Year ended June 30, 2011**

Fund		Account		Debit	Credit
Various		Cash		39,504.00	
		Unrealized Gain			(39,504.00)
<i>To record market valuation for LAIF investment.</i>					
Various		Salaries		40,565.00	
		Accrued Payroll			(40,565.00)
<i>To as record accrued payroll for the 6 days 6/23 to 6/30 that was paid to employees on 7/8/11.</i>					
601	TUMF	2433	Construction Costs	31,873.01	
601	TUMF	2320	Due to other govt.		(31,873.01)
611	Measure A	2433	Construction Costs	26,077.92	
611	Measure A	2320	Due to other govt.		(26,077.92)
611	Measure A	1311	Due from other govt.	26,077.92	
611	Measure A	2120	Deferred revenue		(26,077.92)
<i>To record liability for construction costs applicable to FY10/11 and the associated receivable and deferred revenue for the portion applicable to Measure A that will be billed to the County of Riverside.</i>					
611	Measure A	1150	Due from other govt.	98,129.00	
611	Measure A	2120	Deferred revenue		(98,129.00)
<i>To record a receivable related to the Date Palm/I-10 interchange project.</i>					
611	Measure A	1150	Due from other govt.	62,944.00	
611	Measure A	2120	Deferred revenue		(62,944.00)
<i>To record a receivable related to the Grade 56 Separation project.</i>					