



September 9, 2013

Rima Lobo, Director of Finance
Peninsula Corridor Joint Powers Board
1250 San Carlos Avenue
San Carlos, CA 94070

Dear Rima:

We understand that the Peninsula Corridor Joint Powers Board (JPB) has recently received a public documentation request in relation to two vendors, S3 and Parsons, for fiscal years ending June 30, 2010, 2011 and 2012, and as a result of pulling the information together for the requestor, JPB accounting staff has discovered a few errors that were made in the accounting for certain transactions.

The errors brought to our attention include the following:


- Parson's purchase order was coded to an incorrect general ledger account. (Amount in question is \$292,119 over a period of three fiscal years)
- S3's purchase order was coded to the correct general ledger account, however, a journal entry was prepared and posted that reclassified the transactions to an incorrect general ledger account. (Amount in question is \$60,286 over a period of three fiscal years)
- A journal entry dated December 31, 2010 for S3 was coded to an incorrect general ledger account. (Amount in question is \$16,500)

We understand JPB would like to know if and how these errors need to be corrected in the prior years' financial statements. Generally Accepted Accounting Principles in the United States of America (GAAP) requires that a restatement of prior year financial statements should only be made if the errors are deemed material. The auditor's consideration of materiality is a matter of professional judgment and is influenced by the auditor's perception of the needs of the users of financial statements. In reviewing the amounts detailed above, both individually and in aggregate, for each of the fiscal years affected, we have determined that none of the errors rise to the level of our financial statement materiality threshold and do not warrant a restatement.

We understand that JPB staff has corrected the account classifications for fiscal year ended June 30, 2013, going forward. When we return to complete our audit fieldwork in September, we will be reviewing these purchase orders specifically, as well as reviewing and evaluating the current procedures over account coding of purchase orders and reclassification journal entries to ensure controls are adequate and that procedures are such that errors will be caught in a timely manner.

If you have any more questions or need any further assistance, please let me know.

Yours very truly,


Vicki C. Rodriguez, CPA
Maze & Associates

Accountancy Corporation
3478 Buskirk Avenue, Suite 215
Pleasant Hill, CA 94523

T 925.930.0902
F 925.930.0135
E maze@mazeassociates.com
W mazeassociates.com