



Memorandum

Date: February 21, 2019
To: Transportation Authority Board
From: Cynthia Fong – Deputy Director for Finance and Administration
Subject: 3/12/2019 Board Meeting: Acceptance of the Audit Report for the Fiscal Year Ended June 30, 2018

<p>RECOMMENDATION <input type="checkbox"/> Information <input checked="" type="checkbox"/> Action</p> <p>Accept the audit report for the fiscal year ended June 30, 2018</p> <p>SUMMARY</p> <p>The Transportation Authority’s financial records are required to be audited annually by an independent, certified public accountant. The Comprehensive Annual Financial Reporting (Audit Report) for the year ended June 30, 2018, was conducted in accordance with generally accepted auditing standards by the independent, certified public accounting firm of Vavrinek, Trine, Day & Co., LLP (VTD). Since more than \$750,000 in federal grants were expended during the year, a single audit (compliance audit) was also performed on the I-80/Yerba Buena Island Interchange Improvement and Bridge Structures Project. The Transportation Authority received all unmodified (also known as a clean opinion/unqualified opinion) audit opinions from VTD, with no findings or recommendations for improvements. The full audit report and separate report containing other required communications to the Board are enclosed.</p>	<p><input type="checkbox"/> Fund Allocation</p> <p><input type="checkbox"/> Fund Programming</p> <p><input type="checkbox"/> Policy/Legislation</p> <p><input type="checkbox"/> Plan/Study</p> <p><input type="checkbox"/> Capital Project Oversight/Delivery</p> <p><input checked="" type="checkbox"/> Budget/Finance</p> <p><input type="checkbox"/> Contract/Agreement</p> <p><input type="checkbox"/> Other:</p> <p>_____</p>
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DISCUSSION

Background.

Under its Fiscal Policy (Resolution 18-07), the Transportation Authority’s financial records are to be audited annually by an independent, certified public accounting firm. The audits for the fiscal year ended June 30, 2018, were conducted in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The Audit Report contains formal opinions, or disclaimers thereof, issued by an independent, certified public accounting firm as a result of an external audit performed on an agency. An unmodified opinion (also known as a clean opinion/unqualified opinion) is the best type of report an agency may receive from an external audit

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and represents that the agency complied with direct and material regulatory requirements or that the agency's financial condition, position, and operations in all material respects were fairly presented.

Discussion.

The Audit Report includes an introductory section, the overall basic financial statements, a management discussion and analysis of the Transportation Authority's financial performance during that fiscal year, footnotes, required supplemental information, and other supplementary information, which include the results from the single audit of federal awards, statistical section, and compliance section.

We are pleased to note that VTD issued all unmodified opinions and had no findings or recommendations for improvements. The Transportation Authority recognized all significant transactions in the financial statements in the proper period and received no adjustments to any estimates made in the financial statements. For the annual fiscal audit, VTD has issued an opinion stating that the financial statements present fairly, in all material respects, the financial position of the Transportation Authority. Since more than \$750,000 in federal grants was expended during the year, a single audit was performed on the I-80/Yerba Buena Island Interchange Improvement and Bridge Structures Project. For the single audit, VTD has issued an opinion, stating that the Transportation Authority complied in all material respects with the compliance requirements that could have a direct and material effect on the federal funds audited. The full audit report and separate report containing other required communications to the Board are enclosed.

FINANCIAL IMPACT

Expenditures did not exceed the amounts approved in the agency-wide amended Fiscal Year 2017/18 budget and budgeted expenditures that did not expend in FY 2017/18 will be included in the FY 2018/19 mid-year amendment.

CAC POSITION

The CAC will consider this item at its February 27, 2019, meeting.

SUPPLEMENTAL MATERIALS

Enclosure 1 – Comprehensive Annual Financial Report for the Year Ended June 30, 2018

Enclosure 2 – Separate Report Containing Other Required Communications to the Board