



**January 23, 2019**

**To:** Finance and Administration Committee

**From:** Darrell E. Johnson, Chief Executive Officer

Janet Sutter, Executive Director  
Internal Audit Department

**Subject:** Fiscal Year 2017-18 Annual Financial and Agreed-Upon Procedures Reports

### **Overview**

The Orange County Transportation Authority is required to obtain an independent auditor's opinion on various financial statements. Vavrinek, Trine, Day & Company, LLP, an independent accounting firm, has completed its annual audits of the Orange County Transportation Authority and related entities for the fiscal year 2017-18. Additionally, reports have been issued on the results of agreed-upon procedures applied to determine compliance with certain state, federal, and local requirements. All reports are included herewith.

### **Recommendations**

Receive and file the fiscal year 2017-18 annual financial statement audits and agreed-upon procedures reports as information items.

### **Background**

Pursuant to Section 28770 of the Public Utilities Code, the Orange County Transportation Authority (OCTA) prepares an annual set of financial statements presenting its results of operations and financial position at fiscal year-end. The financial statements are included in OCTA's Comprehensive Annual Financial Report (CAFR), which was presented to the Board of Directors on November 26, 2018. In connection with the CAFR audit, Vavrinek, Trine, Day & Company, LLP (VTD) provides opinions on other financial reports of OCTA and applies certain agreed-upon procedures to determine compliance with certain federal, state, and local requirements.

The audits were performed under current accounting and auditing standards, including generally accepted auditing standards, the standards set forth for financial audits in the Government Accountability Office's *Government Auditing Standards*, the provisions of the federal Single Audit Act of 1984 (as amended) and the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as well as the following additional requirements, where applicable:

- *State of California Transportation Development Act*, including the requirements of the *Southern California Association of Governments' Transportation Development Act Conformance Auditing Guide*;
- *Renewed Measure M Transportation Investment Plan*;
- *Special District and Transit District Reporting Requirements*, as specified by the California State Controller; and
- *Section 1.5 of Article XIII B of the California Constitution*, with procedures specified by the League of California Cities in *Article XIII B Appropriations Limitation Uniform Guidelines*

### ***Discussion***

VTD has completed its annual financial audits and has issued independent auditor opinions for the fiscal year ended June 30, 2018. Results of agreed-upon procedures reviews have also been issued. Reports are included as Attachments A through J.

There were no recommendations resulting from audits and agreed-upon procedures performed for the fiscal year ended June 30, 2018.

### ***Summary***

VTD has completed its annual audits of OCTA and related entities for the fiscal year 2017-18. Additionally, reports have been issued on the results of agreed-upon procedures applied to determine compliance with certain state, federal, and local requirements.

***Attachments***

- A. Orange County Transportation Authority Single Audit Report on Federal Awards Year Ended June 30, 2018
- B. Orange County Local Transportation Authority (A Component Unit of the Orange County Transportation Authority) ANNUAL FINANCIAL AND COMPLIANCE REPORT Year Ended June 30, 2018
- C. Orange County Transportation Authority Local Transportation Fund Financial Statements Year Ended June 30, 2018
- D. Orange County Transportation Authority State Transit Assistance Fund Financial Statements Year Ended June 30, 2018
- E. Orange County Transportation Authority INDEPENDENT AUDITORS' REPORT ON PROPOSITION 1B AND TRANSPORTATION DEVELOPMENT ACT Year Ended June 30, 2018
- F. Orange County Local Transportation Authority Report on Agreed-Upon Procedures Applied to Measure M2 Status Report Year Ended June 30, 2018
- G. Orange County Transportation Authority Independent Accountants' Report on Agreed-Upon Procedures Performed with Respect to the Treasury Department Year Ended June 30, 2018
- H. Orange County Transportation Authority Independent Accountants' Report on Applying Agreed-Upon Procedures Related To The Article XIII-B Appropriations Limit Calculation for the Fiscal Year Ended June 30, 2018
- I. Orange County Transportation Authority Agreed-Upon Procedures Performed With Respect to the National Transit Database Report For the Period July 1, 2017 through June 30, 2018
- J. Orange County Local Transportation Authority Independent Accountants' Report on Applying Agreed-Upon Procedures Related To The Article XIII-B Appropriations Limit Calculation for the Fiscal Year Ended June 30, 2018

**Prepared by:**



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