



January 13, 2021

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer
Janet Sutter, Executive Director
Internal Audit Department

Subject: Fiscal Year 2019-20 Annual Financial Statement Audits, Single Audit, and Agreed-Upon Procedures Reports

Overview

The Orange County Transportation Authority is required to obtain an independent auditor's opinion on various financial statements and on its compliance with requirements of major federal programs. Crowe LLP, an independent accounting firm, has completed its annual audits of the Orange County Transportation Authority and related entities for the fiscal year 2019-20, and issued the required Single Audit report with its opinion on the Orange County Transportation Authority's compliance with major federal programs. In addition, reports have been issued on the results of agreed-upon procedures applied by Crowe LLP, to assist management in determining compliance with certain state, federal, and local requirements.

Recommendation

Receive and file the fiscal year 2019-20 annual financial statement audits, Single Audit, 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 December 14, 2020. In connection with the CAFR audit, Crowe LLP (Crowe) provides opinions on other financial reports of OCTA, conducts the required Single

Audit, and applies agreed-upon procedures to assist management in determining compliance with certain federal, state, and local requirements.

The audits were performed under generally accepted auditing standards, the standards set forth for financial audits in the Government Accountability Office's *Government Auditing Standards*, audit requirements of Title 2 United States Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as the following additional requirements, where applicable:

- *State of California Transportation Development Act,*
- *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

Crowe has completed its annual engagement and issued unmodified opinions on all financial statement audits for the fiscal year ended June 30, 2020. Results of the required Single Audit and all agreed-upon procedures reviews have also been issued. Reports are included as attachments A through J.

Crowe previously made communications required by professional standards at the Finance and Administration Committee on December 9, 2020. No additional recommendations or observations were made related to the Single Audit or the agreed-upon procedures reports attached herewith.

Summary

Crowe has completed its annual financial audits of OCTA and related entities for the fiscal year 2019-20, as well as the Single Audit of OCTA. 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 Year ended June 30, 2020
- B. Orange County Local Transportation Authority (A Component Unit of the Orange County Transportation Authority) Annual Financial and Compliance Report Year Ended June 30, 2020
- C. Orange County Transportation Authority Local Transportation Fund Financial Statements Year ended June 30, 2020
- D. Orange County Transportation Authority State Transit Assistance Fund Financial Statements Year ended June 30, 2020
- E. Orange County Transportation Authority Independent Auditor's Report on Proposition 1B Schedule of Unspent Funds and Cash Disbursements Year ended June 30, 2020
- F. Independent Accountant's Report on Applying Agreed-Upon Procedures
- G. Orange County Transportation Authority Independent Accountant's Report on Applying Agreed-Upon Procedures with Respect to the Treasury Department Year ended June 30, 2020
- H. Orange County Transportation Authority Independent Accountant's Report on Applying Agreed Upon Procedures Related to Article XIII-B Appropriations Limit Calculation For the fiscal year ended June 30, 2020
- I. Orange County Transportation Authority Agreed-Upon Procedures Performed with Respect to the National Transit Database Report June 30, 2020
- J. Orange County Local Transportation Authority Independent Accountant's Report on Applying Agreed Upon Procedures Related to Article XIII-B Appropriations Limit Calculation, For the fiscal year ended June 30, 2020

Prepared by:



Janet Sutter
Executive Director, Internal Audit
714-560-5591