



February 18, 2020

To: Members of the Board of Directors

From: Jennifer L. Bergener, Managing Director

Subject: Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency
Fiscal Year 2018-19 Annual Financial Audit

Overview

The Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency is required to complete an annual financial audit pursuant to Government Code Section 6505.6, and as specified in the joint powers agreement, bylaws, and the administrative support agreement. Crowe LLP, an independent accounting firm, has completed the annual audit of the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency financial statements for fiscal year 2018-19, and has issued its independent auditors' opinion.

Recommendation

Receive and file the fiscal year 2018-19 Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency audited annual financial statements and accompanying independent auditor's report.

Background

The Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Agency (Agency) contracted with an independent public accounting firm to perform an annual audit of the accounts of the LOSSAN Agency pursuant to Government Code Section 6505.6, and as specified in the LOSSAN joint powers agreement, bylaws, and the administrative support agreement (ASA).

Following a joint competitive procurement with the managing agency, Orange County Transportation Authority, on April 2, 2019, the LOSSAN Agency entered into an agreement with Crowe LLP to perform the LOSSAN Agency annual financial audits for fiscal years (FY) 2018-19, 2019-20, and 2020-21. The agreement also contains options to audit two subsequent FYs (2021-22 and 2022-23).

LOSSAN Agency staff prepares the annual financial statements.

Discussion

On January 8, 2020, Crowe LLP completed its annual audit and issued an unmodified (also known as “clean”) opinion of the LOSSAN Agency financial statements for the FY that ended June 30, 2019 (Attachment A). The audit was conducted in accordance with generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. This unmodified opinion indicates that the LOSSAN Agency financial statements, “present fairly, in all material respects, the financial position of the LOSSAN Agency, as of June 30, 2019, and the changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.”

As part of the annual audit, Crowe LLP reported on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*. Crowe LLP found no deficiencies in internal control over financial reporting and no instances of noncompliance or other matters that are required to be reported. This report is included on page 23 of the FY 2018-19 financial statements (Attachment A).

As part of its financial statement audit, Crowe LLP is required to communicate significant audit findings. Crowe LLP has communicated no significant audit findings (Attachment B).

Summary

Staff prepared the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency's annual financial statements for the fiscal year that ended June 30, 2019. Crowe LLP, an independent accounting firm, has audited the financial statements and has issued an unmodified opinion as to the fairness of the financial statements' presentation.

Attachments

- A. Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency,
Basic Financial Statements, Year Ended June 30, 2019
- B. Letter from Crowe LLP, to the Board of Directors,
Los Angeles –San Diego – San Luis Obispo Rail Corridor Agency,
Dated January 8, 2020

Prepared by:

A handwritten signature in black ink, appearing to read 'J. Jewell', is written over a light gray rectangular background.

Jason Jewell
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