




April 7, 2021

To: Members of the Board of Directors 
From: Donna DeMartino, Managing Director
Subject: Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency
 Fiscal Year 2019-20 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 2019-20, and has issued its independent auditors' opinion.

Recommendation

Receive and file the fiscal year 2019-20 Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency audited annual financial statements, accompanying independent auditor's report, and management letter.

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

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, 2020 (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, 2020, 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.”

In connection with the audit of the financial statements, Crowe LLP issued a management letter which includes recommendations to LOSSAN Agency management that can be considered to improve internal controls and best practices going forward. The management letter including the auditor recommendations and the LOSSAN Agency management responses can be found in Attachment B.

As part of the financial statement audit, Crowe LLP must communicate other significant audit matters related to the financial statement. Crowe LLP has communicated no other significant audit matters (Attachment C).

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, 2020. 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.

In connection with the annual audit of the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency’s financial statements for the fiscal year that ended June 30, 2020, Crowe LLP has issued a management letter, which identified one recommendation for improvement to internal controls and two best practice recommendations. Management has responded that these items will be addressed.

Attachments

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

Prepared by:

A handwritten signature in black ink, appearing to read 'J. Jewell', with a long horizontal flourish extending to the right.

Jason Jewell
Finance and Administration Manager
(714) 560-5086