Pisenti & Brinker Background

2017 Audit Team:

- Brett Bradford – Partner
- Ray Pounds – Concurring Partner
- Kellin Gilbert – Audit Manager
- Caitlin Lampe – Audit Senior
Audit of the Year Ended June 30, 2017
Financial Statements

Relative Roles & Responsibilities

- **Management** is responsible for preparing the Financial Statements and establishing a system of internal control.

- **Auditor** is responsible for auditing the Financial Statements:
  - Considering risks of material misstatement in the Financial Statements - Inherent risk
  - Considering internal controls relevant to the Financial Statements - Control risk
  - Performing tests of year-end balances based on risk assessment
  - Evaluating adequacy of disclosures
Risk Assessment Process - What We Considered

- Guidance from authoritative bodies (AICPA, GASB)
- Internal factors
  - Expertise of accounting staff, employee turnover, etc.
  - Susceptibility of account balances to error based on complexity and volume of underlying transactions
- External factors
  - Macroeconomic – level of sales tax or other local support
  - Regulatory environment – any new compliance requirements
Risk Assessment Results for Year Ended June 30, 2017 Audit

- Significant areas of focus
  - Compliance with Strategic Plan
  - Revenue Recognition – Measure M Sales Tax
  - Revenue Bonds – Compliance with bond indentures and adequate financial statement disclosure
  - Cash and Investments – Valuation and Disclosure
  - Financial Statement Note Disclosure – Complete and without bias
### Focus of the 2017 Audit

- **Significant areas of focus:**
  - Cash & investments: 10%
  - Compliance: 30%
  - Revenue recognition and accounts receivable: 25%
  - Accounts payable and other liabilities: 10%
  - Financial statement presentation and disclosure: 20%
Measure M Compliance Testing

- **Areas tested for compliance with Measure M include:**
  - Sales tax revenue allocation to Measure M Activities in compliance with the Strategic Plan
  - Performance by SCTA of required sub-recipient monitoring of Measure M funds passed through to local agencies
  - Expenditures are in accordance with the Strategic Plan and consistent with the Measure M Activity
  - **Measure M Bond activity compliance:**
    - Timely bond payments
    - Maintenance of debt service reserve
    - Segregation and use of debt proceeds
Audit of the Year Ended June 30, 2017 Financial Statements

- Audit is almost complete at this point in time
- We expect to report:
  - Unqualified opinion – financial statements are materially accurate
  - Compliance with Measure M – no instances of material non-compliance noted
Audit of the Year Ended June 30, 2017 Financial Statements

During the performance of our audit we did not encounter any:

- Fraud
- Illegal acts
- Disagreements with management
- Significant or unusual transactions
Audit of the Year Ended June 30, 2017
Financial Statements

Required Communications with those charged with governance:

- No material audit adjustments have been identified at this time.
- No alternative treatments of accounting principles for material items in the financial statements were discussed with management.
- Measure M did not adopt any significant new accounting policies nor were there any changes in existing significant accounting policies during the year.
Other required communications with those charged with governance

- There were no disagreements with management concerning the scope of our audit, the application of accounting principles, or the basis for management’s judgments on any significant matters.

- We did not encounter any difficulties in dealing with management during the course of our audit.
Questions?

- Brett Bradford: 707-577-1582
- Kellin Gilbert: 707-577-1511