

**ACTA Audit Committee Meeting  
Long Beach City College  
November 9, 2017  
8:30 a.m.**

**Members present:**

Janice Hahn, Los Angeles County (LACMTA)  
Ed Renwick, (POLA) – presided as Chair

**Alternate Member present:**

Duane Kenagy, (POLB)

**Also present:**

John T. Doherty, ACTA, Chief Executive Officer  
James P. Preusch, ACTA, Chief Financial Officer  
Heather McCloskey, Los Angeles Deputy City Attorney, ACTA Co-General Counsel  
Marla Bleavins, POLA, Deputy Executive Director and Chief Financial Officer, ACTA Treasurer  
Maria Melendres, ACTA, Board Secretary  
Trang Nguyen, ACTA, Principal Accountant  
April See, ACTA, Controller  
Olga Darlington, Partner, Moss Adams LLP  
Matt Parsons, Senior Manager, Moss Adams LLP  
(other unidentified members of the public)

**Roll Call**

Chair Renwick called the meeting to order at 8:50 a.m.

**Opening statement**

The opening statement was read by Board Secretary Melendres.

**Approval of the Minutes**

Mr. Kenagy moved to approve the minutes of the April 13, 2017 meeting, seconded by Chair Renwick.  
Carried by the following vote:

AYES: Kenagy, Renwick  
ABSTAIN: Hahn  
NOES:  
ABSENT:

## **Audit Committee Agenda**

### **ITEM 2 – Moss Adams discussion of Audited Financial Statements for FYE June 30, 2017 and Single Audit**

- Ms. Olga Darlington, Partner for Moss Adams LLP (Moss Adams) presented the 2017 Audit Results, which contained two categories: Auditor Report on the Financial Statements and Single Audit Reports.
- Chair Renwick asked for auditor prepared presentation materials in advance of the meeting in the future.

#### *Auditor Opinions and Reports*

- In the first category, Auditor Report on the Financial Statements, Ms. Darlington stated that they had issued an unmodified opinion on the financial statements, which were presented fairly and in accordance with US GAAP.
- In addition, the Single Audit Reports which includes the following: 1) GAGAS Report on Internal Control Over Financial Reporting and on Compliance and Other Matters which indicated no financial reporting finding or compliance findings; and 2) Report on Compliance with Requirements that could have a Direct and Material Effect on Major Federal Programs and on Internal Control Over Compliance in accordance with Uniform Guidance for Federal Awards (2 CFR Part 200) which indicated no internal control findings or compliance findings.

#### *Communication with Those Charged with Governance*

- Ms. Darlington explained that Moss Adams is required to communicate certain information to ACTA's Governing Board, under the US Generally Accepted Standards and Government Auditing Standards.
- Ms. Darlington reported that the audit was performed according to the audit plan as communicated in the engagement letter from June 2017.
- Ms. Darlington discussed the Significant Accounting Policies and Unusual Transactions. There were no changes to significant accounting policies and no new important GASB statements implemented, which helped maintain consistent reporting with previous years.
- Ms. Darlington reviewed Management Judgments and Accounting Estimates. This involves element of judgment from management in getting balances determined for financial reporting. Significant management estimates impacting the financial statements include: useful lives of long-lived assets, valuation of investment, net pension liability & OPEB asset, and deferred outflow and inflows of resources. They were deemed to be reasonable and there were no questions.
- Ms. Darlington stated that the audit went well. There were no difficulties. All requested schedules were received on a timely basis. All personnel responded to all requests in a timely manner.

- Ms. Darlington reported on Significant Audit Adjustment & Unadjusted Differences Considered by Management to be Immaterial and stated that there were no corrected or uncorrected audit adjustments. This fact speaks highly of the management team and their attention to detail as well as to their knowledge of how things should be recorded.
- Under Potential Effect on the Financial Statements of Significant Risks & Exposure & Uncertainties, Ms. Darlington stated that the Authority is subject to potential legal proceedings and claims that arise in the ordinary course of business, which are disclosed in the notes to the financial statement in Note 11, which there were none in the current year.
- Ms. Darlington stated that ‘Tone at the Top’ and attitude from management was one of helpfulness, openness, and transparency. All of the auditor questions were addressed.
- In regards to Deficiencies in Internal Controls, Ms. Darlington stated that there were minor matters communicated to management for consideration as best practices. It was recommended that the CEO and CFO should document their responsibilities and activities to assist with succession/transition upon their departure.
- Chair Renwick asked that Moss Adams review the processes prepared by management to ensure that the information is well documented. He also asked that the document be brought back to the audit committee for review.
- Ms. Darlington stated that, in regards to the financial statements audit, they were not aware of any significant accounting or auditing matters for which management consulted with other accountants.
- In Written Communications, other than the engagement letter, management representation letter, and the presentation today, there were no other significant communications between the Moss Adams and ACTA management.
- Under Going Concern Consideration, there is a positive trend in the reduction of debt service costs in the near term due to the debt restructuring in FY 2016.
- Ms. Darlington stated that in Fraud & Noncompliance with Laws and Regulations, they are not aware of any instances of fraud or noncompliance with laws and regulations.
- ACTA staff left the room and the Audit Committee held a discussion with Moss Adams. ACTA staff then returned to the meeting following the discussion.

Supervisor Hahn moved to receive and file the Audited Financial Statements for FYE June 30, 2017 and Single Audit, seconded by Mr. Kenagy. Carried by the following vote:

AYES: Hahn, Kenagy, Renwick

NOES:

ABSENT:

### **ITEM 3 – Review of Completed Audits**

- Mr. Preusch provided a summary of the completed audits.
- Chair Renwick asked whether Vasquez’s audit of Jenkins, Gales, & Martinez (JGM), an Alameda Corridor Engineering Team (ACET) joint venture partner, had been completed. Mr. Preusch stated that the past audit of JGM, which had been delayed, has now been completed. The current audit has also been delayed, but is expected to be completed by the end of the 2017 calendar year.

Supervisor Hahn moved to receive and file the review of completed audits, seconded by Mr. Kenagy. Carried by the following vote:

AYES: Hahn, Kenagy, Renwick

NOES:

ABSENT:

**ITEM 4 – Updated Audit Plan**

- Mr. Preusch provided the Committee an Updated Audit Plan for the FY 2018-2019.

Mr. Kenagy recommended that the FY 2018-19 be approved as submitted, seconded by Supervisor Hahn. Carried by the following vote:

YES: Hahn, Kenagy, Renwick

NOES:

ABSENT:

**ITEM 5 – Public Comment**

No members of the public addressed the committee.

**ITEM 6 – Adjournment**

The Audit Committee meeting was adjourned at 9:17 a.m.