

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 8/6/2025

Staff Report No. 25-393

TO: AC Transit Board of Directors
FROM: Salvador Llamas, General Manager/Chief Executive Officer
SUBJECT: Financial Audit Plan and Audit Engagement Letter for FY 2024-25

BRIEFING ITEM

AGENDA PLANNING REQUEST: ☐

RECOMMENDED ACTION(S):

Consider receiving the Financial Audit Plan and Audit Engagement Letter for the Fiscal Year Ending June 30, 2025.

Staff Contact:
Chris Andrichak, Chief Financial Officer

STRATEGIC IMPORTANCE:

Goal - Financial Stability and Resiliency
Initiative - Financial Efficiency and Revenue Maximization

The annual audit provides an objective independent examination of the District's financial statements and is essential to fulfilling the District's mandatory external financial reporting requirements.

BUDGETARY/FISCAL IMPACT:

There is no budgetary or fiscal impact associated with this report.

BACKGROUND/RATIONALE:

In accordance with Board Policy No. 340, Accounting Policy, Crowe LLP, an independent firm, will perform the annual financial audit for the year ending June 30, 2025. Upon completion of its fieldwork, Crowe LLP will issue an opinion, which will be incorporated into the Annual Comprehensive Financial Report (ACFR) of the District. In preparation for the audit, Crowe LLP and District staff held an entrance conference meeting to discuss new audit issues relevant to the current fiscal year, the potential impact of upcoming General Accounting Standards Board (GASB) pronouncements, and the following audit plan elements:

- Timeline
- Client Participation Schedule
- General Matters

As part of the audit planning process, the independent accounting firm provides the scope of the audit to the

Board of Directors. This communication with the Board includes the adequacy and effectiveness of the systems of internal controls over financial reporting and any significant changes in those controls, as well as accounting practices, disclosure controls and procedures of the entity, and current accounting trends and developments. Attached to this report is the required communications letter and Audit Plan from Crowe LLP for the District's FY 2024-25 audit engagement.

As required by professional audit standards, this letter contains communications that are mandatory between the independent auditor and the auditee on an annual basis. Crowe LLP conducted the interim portion of the audit engagement between June 16 and June 27, 2025. The audit team will resume work for approximately four weeks to complete their final phase fieldwork relative to the audit engagement from August 11 through September 12, 2025.

As part of the audit procedures, Crowe LLP will be conducting Statement on Auditing Standard (SAS) 99 and 114 interviews with the Chief Financial Officer, a member or members of the Board of Directors and other District employees as deemed necessary to assess the risk for potential fraud, and other areas considered high-risk by interviewees. The FY 2024-25 year-end report, including the final audited set of financial statements, is scheduled for presentation to the Board of Directors no later than the January 2026 Board meeting.

The year-end reports will contain the District's consolidated financial statements; the Single Audit; audit of Measures BB, J, and VV funds; information responsive to the State's requirements for recipients of Low Carbon Transit Operations Program (LCTOP) funds; review of the District's compliance with the Appropriations Limit requirements of Section 1.5 of Article 4 XIII B of the California Constitution, and the agreed-upon procedures review of Special Transit Service Districts 1 and 2. The annual financial statements for the AC Transit Financing Corporation will also be presented. Materials responsive to requirements for funding from the State's Proposition 1B and from the Federal Transit Administration are scheduled for distribution no later than October 31, 2025. and the Annual Comprehensive Financial Report will be completed by December 31, 2025.

The Board of Directors serves as the Audit Committee. The Committee is engaged primarily in an oversight function and is ultimately responsible for the District's financial reporting processes and the effectiveness over internal controls. Senior management also has the opportunity for significant interaction with the Audit Committee.

ADVANTAGES/DISADVANTAGES:

The receipt of the financial audit plan and audit engagement letter fulfills the initial steps of conducting the District's Annual fiscal audit.

ALTERNATIVES ANALYSIS:

The District is required by various regulations to have an annual audit and so there is no practical alternative to receiving the audit plan.

PRIOR RELEVANT BOARD ACTION/POLICIES:

Board Policy 340 - Accounting Policy

ATTACHMENTS:

1. Audit Engagement Letter - draft
2. Audit Plan

Prepared by:

Kenneth Myers, Controller

Approved/Reviewed by:

Robert del Rosario, Director of Services Development & Planning