



Board Report

File #: 2023-0356, **File Type:** Oral Report / Presentation

Agenda Number: 5.

**PTSC-MTA RISK MANAGEMENT AUTHORITY
MAY 19, 2023**

SUBJECT: AUDITED ANNUAL FINANCIAL ACTIVITIES DISCUSSION

RECOMMENDATION

RECEIVE oral report on discussion of the 2021-2022 audited annual financial activities.

PTSC-MTA RISK MANAGEMENT AUTHORITY



FINAL COMMUNICATION WITH THE
BOARD OF DIRECTORS

FINANCIAL STATEMENT AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

May 19, 2023



2355 Crenshaw Blvd. Suite 150
Torrance, CA 90501
PH 310.792.4640
FX 310.792.4331

Final Communication Agenda

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- Auditor's and PRMA's Management Responsibilities
- Financial Statement Audit Results
- Financial Highlights
- Auditor's Required Communications
- Management Letter Comments
- Open Discussions and Questions

Responsibilities

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- PRMA's Management Responsibilities:
 - Preparation of PRMA's financial statements.
 - Design, implementation and maintenance of internal control-free from material misstatement, whether due to fraud or error.
- Auditor's Responsibilities:
 - Express an opinion on the fair presentation of the financial statements.
 - Provide reasonable, not absolute assurance of detecting material misstatements.

Financial Statement Audit Results

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- Unmodified (“Clean”) Opinion on the Financial Statements
- Report on Internal Controls over Financial Reporting and Compliance in Accordance with *Government Auditing Standards*
 - Material weaknesses – none noted
 - Significant deficiencies – none noted

Financial Highlights

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Statement of Net Position

- Net position remained at \$0. Net position did not change as the LACMTA reimburses all of PRMA's expenses.
- Current and other assets as of June 30, 2022 decreased by \$37.1 million or 8.7% compared to June 30, 2021, due to the reduction in estimated reserves resulting from the decrease in estimated liabilities.
- Current and non-current liabilities as of June 30, 2022 decreased by \$37.1 million or 8.7% compared to June 30, 2021, due to lower claims for workers' compensation casualties.

Financial Highlights (Continued)

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Statement of Revenues, Expenses, and Changes in Net Position

- Revenues for services increased by \$0.66 million or 0.7% due to higher billings related professional and technical services and other expenditures paid in FY-2022.
- Expenses increased by \$0.66 million or 0.7% in fiscal year 2022 as compared to fiscal year 2021, due to the net effect of the decrease in workers' compensation claims payments and casualty and public liability payments; and increase in professional and technical service fees and miscellaneous expenses.

Required Communications

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MATTERS TO COMMUNICATE

BCA Watson Rice's Responsibility Under Generally Accepted Auditing Standards

Whether material illegal acts were identified during the audit

RESPONSES

Conduct our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* which provide reasonable
– not absolute – assurance about whether the basic financial statements are free of material misstatement, whether caused by error or fraud. To gain a basic understanding of the internal control policies and procedures to design an effective and efficient audit approach.

There were no illegal acts identified during the audit.

Required Communications (Continued)

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MATTERS TO COMMUNICATE

RESPONSES

Adoption of, or change in, accounting policies

There were no adoption or changes in accounting policies during fiscal year 2021-2022.

Other significant accounting policies are described in note 1 of the financial statements.

Significant and unusual transactions

None identified

Alternative treatment discussed with management

We did not discuss with management any alternative treatments with generally accepted accounting principles for accounting policies and practices related to material items during the audit period.

Significant Issues Discussed with Management

None

Required Communications (Continued)

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MATTERS TO COMMUNICATE	RESPONSES
Major Issues Discussed with Management Prior to our Retention	None
Disagreements with Management on Financial Accounting and Reporting Matters	None
Difficulties Encountered with Management in Performing the Audit	We did not encounter any difficulties in dealing with management during the audit.
Consultations with Other Accountants	None that we are aware of relating to audit matters.
Written Communications Between Management and Our Firm	We requested certain representations from management which have been included in the management representation letter.
Independence	We are independent with respect to LACMTA and PRMA.

Required Communications (Continued)

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MATTERS TO COMMUNICATE

Management Judgments and Accounting Estimates

RESPONSES

We evaluated the key factors and assumptions used by management in making accounting estimates and judgments significant to the financial statements, and concluded that all estimates and judgments appeared reasonable.

2022 Significant Adjustments and Transactions No significant adjustments and transactions.

Management Letter Comments

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- There are no management letter comments.

Open Discussions and Questions