

**SAN FRANCISCO BAY
RESTORATION AUTHORITY**

Report to Governing Board

Year Ended June 30, 2018



Certified
Public
Accountants

SAN FRANCISCO BAY RESTORTATION AUTHORITY

Report to Governing Board
For the Year Ended June 30, 2018

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Governing Board
San Francisco Bay Restoration Authority
Oakland, California

We have audited the financial statements of the governmental activities and each major fund of the San Francisco Bay Restoration Authority (SFBRA) for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 8, 2018. Professional standards also require that we communicate to you other information related to our audit, which is provided in the Required Communications section.

We would like to thank the SFBRA's management and the staff for the courtesy and cooperation extended to us during the course of our engagement.

This information is intended solely for the information and use of the Governing Board, the Association of Bay Area Governments (ABAG), the Metropolitan Transportation Commission (MTC), the SFBRA's management, and others within the entity and is not intended to be, and should not be, used by anyone other than these specified parties.

Walnut Creek, California
December 14, 2018

REQUIRED COMMUNICATIONS

I. Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the SFBRA are described in Note 1 to the financial statements. As described in Note 1(c) to the financial statements, during the year ended June 30, 2018, the SFBRA implemented the following accounting standards issued by the Governmental Accounting Standards Board (GASB):

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements*.
- GASB Statement No. 85, *Omnibus 2017*.
- GASB Statement No. 86, *Certain Debt Extinguishment Issues*.

The SFBRA's implementation of these statements did not have an impact on the financial statements or note disclosures.

We noted no transactions entered into by the SFBRA during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimate affecting the SFBRA's financial statements was the fair value of investments. Fair value of investments is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The SFBRA's investments are valued using quoted market prices in active markets or other observable inputs when quoted market prices are not available for identical assets.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial reporting units that collectively comprise the SFBRA's basic financial statements.

The financial statement disclosures are neutral, consistent, and clear.

REQUIRED COMMUNICATIONS (Continued)

II. Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

III. Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No misstatements were identified during the course of our audit.

IV. Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

V. Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 14, 2018.

VI. Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the SFBRA's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

VII. Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the SFBRA's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

REQUIRED COMMUNICATIONS (Continued)

VIII. Other Matters

We applied certain limited procedures to the management's discussion and analysis, schedule of revenue, expenses, and changes in fund balances – budget and actual – SFBRA – project, and schedule of revenues, expenses, and changes in fund balances – budget and actual – SFBRA – operating, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedule of approved projects, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and that the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the SFBRA's project approval records.