



Agenda Item No. (13)

To: Finance-Auditing Committee/Committee of the Whole
Meeting of December 14, 2023

From: Cody P. Smith, Director of Accounting
Joseph M. Wire, Auditor-Controller
Denis J. Mulligan, General Manager

Subject: **RECEIVE THE INDEPENDENT AUDITOR'S SINGLE AUDIT REPORT
FOR THE YEAR ENDING JUNE 30, 2023, AS SUBMITTED BY EIDE
BAILLY, LLP**

Recommendation

The Finance-Auditing Committee recommends that the Board of Directors receive the Independent Auditor's Single Audit Report for the year ending June 30, 2023, as submitted by Eide Bailly, LLP.

Summary

Representatives of Eide Bailly, LLP (EB) will be attending the December 14, 2023, Finance-Auditing Committee meeting to present the Schedule of Federal Awards in Accordance with the Uniform Guidance ("single audit report"). The single audit was uncoupled from the Annual Comprehensive Financial Report (ACFR) in previous years due to the Golden Gate Bridge, Highway and Transportation District's (District) audit programs being deemed high risk by the Office of Inspector General (OIG) and additional time required to complete the compliance testing related to the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and American Rescue Plan Act (ARPA). The 2023 Single Audit continues the trend of decoupling the single audit from the ACFR as the District anticipates future single audit testing to require additional time and coupling and decoupling the reports each year is administratively redundant. The Auditor's opinion given is an unmodified opinion on the District's single audit.

The Single Audit Report is attached and available on our website at: <https://www.goldengate.org/district/board-of-directors/meeting-documents/>.

Fiscal Impact

There is no fiscal impact associated with this informational report.

Attachment: Federal Awards Reports in Accordance with the Uniform Guidance June 30, 2023:
Single Audit Report

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Federal Awards Reports in Accordance
with the Uniform Guidance
June 30, 2023

Golden Gate Bridge, Highway and Transportation District

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, the *Transportation Development Act*, and *California government code section 8879.50*

To the Board of Directors
Golden Gate Bridge, Highway and Transportation District
San Francisco, California

We have audited, 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*, issued by the Comptroller General of the United States, the financial statements of the enterprise and fiduciary funds of the Golden Gate Bridge, Highway & Transportation District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 9, 2023. Our report included an emphasis of matter relating to the adoption of GASB Statement No. 96, *Subscription Based Information Technology Arrangements*.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Menlo Park, California
November 9, 2023



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Board of Directors
Golden Gate Bridge,
Highway and Transportation District
San Francisco, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Golden Gate Bridge, Highway & Transportation District's (District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the enterprise and fiduciary funds of the District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated November 9, 2023, which contained unmodified opinions on those financial statements. Our opinion included an emphasis of matter related to the adoption of GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Menlo Park, California
November 9, 2023

Golden Gate Bridge, Highway & Transportation District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal Financial Assistance Listing	Grant Identification Number	Federal Expenditures	Amount Passed-Through to Subrecipients
U.S. DEPARTMENT OF TRANSPORTATION				
Highway Planning and Construction Cluster				
Highway Planning and Construction:	20.205			
Passed through California Department of Transportation				
FHWA Seismic Retrofit Project: Phase IIIB Design/CMGC		BHLS-6003(029)	\$ 394,210	\$ -
FHWA Suicide Deterrent System Project		BHLS-6003(051)	14,328,521	-
FHWA Seismic Wind Retrofit Project		BHLS-6003(052)	442,244	-
Direct Grants				
FY08 Larkspur Terminal Improvements (Flex) UPA		CA-70-X005	1,097	-
Larkspur Ferry Fuel Sys Improvements		CA-70-X015	21,466	-
FY20 Ferry Boat Program Transfer		CA-2021-232	725,099	-
Total Highway Planning and Construction Program and Cluster			<u>15,912,637</u>	<u>-</u>
Federal Transit Cluster				
Federal Transit Formula Grants:	20.507			
Direct Grants				
FY2007 Capital (Flex Funds)		CA-95-X024	3,622	-
FY2016 Capital		CA-2016-120	122,461	-
FY17 GGBHTD FTA Application		CA-2017-162	123,074	-
High-Speed Ferry Vessel Acquisition		CA-2020-209	355,853	-
FY20 Formula Funding Application		CA-2020-286	311,815	-
GGT Ambassador Program - Operating Assistance		CA-2021-124	628	-
COVID-19 GGBHTD FY22 5307-9 ARP Operating Assistance Grant		CA-2022-029	36,289,898	-
COVID-19 GGBHTD FY21 5307 ARP Operating Assistance Grant		CA-2022-062	23,843,195	-
Subtotal			<u>61,050,546</u>	<u>-</u>
State of Good Repair Grants Program:	20.525			
Direct Grants				
FY19 FTA Application		CA-2019-072	671	-
FY2017 Capital		CA-2017-162	1,631,081	1,631,081
FY2019 Capital		CA-2019-041	23,590	-
FY20 Formula Funding Application		CA-2020-286	1,476,884	-
FY22 Formula Funding Application		CA-2022-092	5,350,000	-
FY21 Formula Funding Application		CA-2021-151	2,710,442	-
Subtotal			<u>11,192,668</u>	<u>1,631,081</u>
Total Federal Transit Cluster			<u>72,243,214</u>	<u>1,631,081</u>
Total U.S. Department of Transportation			<u>88,155,851</u>	<u>1,631,081</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Port Security Grant Program				
Direct Grants	97.056	MW-2021-PU-0043	23,723	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)				
Passed through California Office of Emergency Services	97.036	FEMA-4482-DR	1,088,164	-
Total U.S. Department of Homeland Security			<u>1,111,887</u>	<u>-</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 89,267,738</u>	<u>\$ 1,631,081</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (schedule) includes the federal award activity of the Golden Gate Bridge, Highway & Transportation District (District) under programs of the federal government for the year ended June 30, 2023. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the accrual basis of accounting, except for pass-through expenditures to subrecipients which are reported on the cash basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Expenditures reported in the schedule are reported on the full accrual basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis.

Note 3 - Indirect Cost Rate

The District has not elected to use the 10% de minimis cost rate.

Golden Gate Bridge, Highway & Transportation District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I – Summary of Auditor’s Results

I. SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

No

Significant deficiency(ies) identified not considered to be material weaknesses?

None Reported

Noncompliance material to financial statements noted?

No

FEDERAL AWARDS

Internal control over major federal programs:

Material weakness(es) identified?

No

Significant deficiency(ies) identified not considered to be material weaknesses?

None Reported

Type of auditors’ report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a)

No

Identification of major federal programs:

Name of Federal Program or Cluster

Federal CFDA Numbers

Federal Transit Cluster (includes COVID 19 funding)

20.507, 20.525

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 2,678,032

Auditee qualified as low-risk auditee?

Yes

II. FINANCIAL STATEMENTS FINDINGS

None Reported

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Reported

SUMMARY OF PRIOR YEAR’S FINDINGS

None Reported