

Audit Report for Measure DD Series 2017C
Comments by Bill Threlfall
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The Audit Report for Measure DD Series 2017C is complete but less informative than many Coalition participants might wish. [The report](#) is posted in the Expense Tracking section of the [Coalition's archive](#), which also includes the 6/30/2012 audit and 6/30/06 audit. Here's my personal comments on the Audit report:

1. It provides certain useful information, mainly on

- page 4, which shows we have a little over \$18M of series C funds remaining and
- page 12 which shows series B expenditures in various categories across major bond projects (based on City-provided information). This is the sort of detail I think the Coalition has been seeking since the series B audit.

2. I am discomforted by the narrow purpose of the audit. It seems filled with qualifying words that limit its scope, such as these paragraphs on page 10:

As part of obtaining reasonable assurance about whether the City's Measure DD'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 determination of financial statement amounts.

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.

I'm not really clear what the reader can conclude here.

When discussing the audit, we need to emphasize that it relies on financial statements provided by the City **but "does not evaluate the effectiveness of the entity's internal control."**

Note: Page 12 does show that there were no significant LM2BT bridge expenditures against series C. (assuming the City's data were accurate, which may not be a safe assumption given the reported difficulties with changes over time in accounting practice, project numbers, etc.)

Audit History

There are significant periods of Measure DD financial activity that have not been audited. The bond language requires an audit of each bond tranche within three years of its issuance. However, expenditures for each have been have extended beyond three years, and this additional period has not been subject to audit, as shown below:

| Measure DD Expenditures Subjected to Audit | | | | | | | | | | | | | | | | | | | | |
|--|------|------|------|--------------|------|------|------|------|------|------|--------------|------|------|------|------|------|------|------|--|--|
| Series 2003A | | | | Series 2009B | | | | | | | Series 2017C | | | | | | | | | |
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| 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | | |