



AGENDA ITEM 2 A
Action Item

MEMORANDUM

DATE: December 3, 2009

TO: El Dorado County Transit Authority

FROM: Mindy Jackson, Executive Director 
Julie Petersen, Fiscal Administration Manager 

SUBJECT: Receive and File Fiscal Year 2008/09 Independent Financial and Single Audit

REQUESTED ACTION:

BY MOTION, Receive and File Independent Financial Audit, Compliance Reports and Single Audit for Fiscal Year 2008/09 for the El Dorado County Transit Authority

BACKGROUND

The El Dorado County Transportation Commission (EDCTC) is responsible to ensure that the El Dorado County Transit Authority (El Dorado Transit), as a Transportation Development Act (TDA) claimant, annually submits an independent financial audit per Public Utilities Commission Code 99245. The fiscal and compliance audits are performed in accordance with Generally Accepted Accounting Principles by a certified public accounting firm and include a determination of compliance with TDA rules and regulations. The El Dorado Transit fiscal year (FY) 2008/09 compliance audit and single audit are included in the EDCTC Overall Work Program.

EDCTC awarded a contract to Richardson & Company to produce compliance audits and reports for all FY 2008/09 TDA claimants including El Dorado Transit. A representative from Richardson & Company, the independent firm conducting the financial and single audit will be presenting a verbal report on the audits, reports and findings.

DISCUSSION

Included in the Audited Financial Statements are a Financial Audit, Compliance Reports and Single Audit.

FINANCIAL AUDIT

El Dorado Transit staff is pleased to report that the FY 2008/09 Independent Financial Audit has identified no material weaknesses however; there is an audit finding of a

significant deficiency. There were two grants with revenue receivable not posted prior to the start of the financial audit. Management ensures that all grant revenues and receivables will be reconciled to qualifying expenses prior to the start of future financial audits.

The financial audit is a measure of financial activity and compliance to government code during the given fiscal period. Highlights include net assets of El Dorado Transit exceeding its liabilities by \$8,660,349 with unrestricted net asset of \$2,814,333. It is the opinion of management that the unrestricted net assets indicate a good fiscal condition for El Dorado Transit.

Liabilities consisting of overall operational expenses increased by 7.1% or \$312,119. This is slightly higher than the prior year and the result of accounts payable related to the build-out of the Central Transit Center. The 70-day project schedule crossed over the fiscal year end. Completion date was August 7, 2009.

COMPLIANCE REPORT

The audit report states with regard to the laws, regulations and provisions of the TDA applicable to El Dorado Transit, “The results of performing these tasks disclosed no instances of noncompliance with the applicable states, rules and regulations of the Transportation Development Act and the allocation instructions and resolutions of the El Dorado County Transportation Commission.”

SINGLE AUDIT

El Dorado Transit staff is pleased to report that the FY 2008/09 Independent Single Audit has identified no material weaknesses.

The Single Audit is a report of 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 “trigger” for a single audit is an agency receiving over \$500,000. of federal funding in one fiscal year. El Dorado Transit received \$1,393,093 in federal funding during FY 2008/09 that includes one operating assistance grant and three capital grants awarded by the Federal Transit Administration (FTA) program.

The primary function of a Single Audit is to review internal controls, purchasing procedures and reporting standards of agencies receiving federal grant funds. The Single Audit page 29 includes the following statement: “We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses...”

Complete compliance and single audit reports are available for review at the El Dorado Transit office during regular business hours.