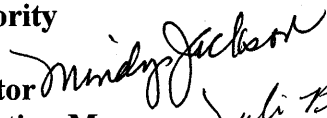
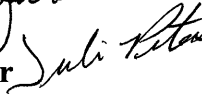


AGENDA ITEM 7 B
Action Item

MEMORANDUM

DATE: December 11, 2008

TO: El Dorado County Transit Authority

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

SUBJECT: Receive and File Fiscal Year 2007/08 Independent Financial and Single Audit

REQUESTED ACTION:
BY MOTION,

1. Receive and File Independent Financial Audit, Fiscal Year 2007/08 for El Dorado County Transit Authority
2. Receive and File Single Audit, Fiscal Year 2007/08 for 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.

DISCUSSION

FINANCIAL AUDIT

El Dorado Transit staff is pleased to report that the fiscal year 2007/08 Independent Financial Audit has identified no material weaknesses.

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 \$5,215,442, with unrestricted net asset of \$2,753,369. It is the opinion of management that the unrestricted net assets indicate a good fiscal condition for El Dorado Transit.

Of note is the increase of \$1,324,209. in net assets. This amount is primarily due to the award and receipt of Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) funds awarded for commuter bus replacement. These funds are restricted to capital projects

Liabilities consist of overall operational expenses increasing by 5.9% which is less of an increase over the prior year (2006/07 expense increase was 12.5%). Total liabilities increased by \$1,486,022. This rise is due in large to the delay in capital assets purchases and improvements resulting in the deferral of PTMISEA revenues allocated for capital purposes.

SINGLE AUDIT

El Dorado Transit staff is pleased to report that the fiscal year 2007/08 Independent Single Audit has identified no material weaknesses.

The Single Audit Report is an audit 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 \$871,457. in federal funding in 2007/08, primarily due to the award of two operating assistance grants through the Federal Transit Administration (FTA) Sections 5311 and 5307 programs and capital assistance through the FTA Section 5310 program.

The primary function of a Single Audit Report is to review internal controls, purchasing procedures and reporting standards of agencies receiving federal grant funds. Page eight (8), Section 1 under Federal Awards, Item six (6) of the audit notes indicates that El Dorado Transit is now considered “low-risk” under OMB Circular A-133, Section 530. This section is reflecting that El Dorado Transit is in full compliance and has been audited, under OMB Circular A-133, Section 530 requirements, for the past three years with “clean audits” and is therefore qualified as a “low-risk”.

Ms. Janet Dutcher, Audit Manager with Gallina, LLP, the independent firm conducting the financial and single audit will be presenting a verbal report to the Board of Directors.

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