

AGENDA ITEM 1 E
Consent Item

MEMORANDUM

DATE: December 7, 2023

TO: El Dorado County Transit Authority

FROM: Julie Petersen, Finance Manager

SUBJECT: Receive and File Fiscal Year 2022/23 Independent Financial Audit, Single Audit and Compliance Reports

REQUESTED ACTION:

BY MOTION,

Receive and File Independent Financial Audit, Single Audit and Compliance Reports for Fiscal Year 2022/23 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) 2022/23 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 2022/23 TDA claimants including El Dorado Transit.

DISCUSSION

Ingrid Shepline of Richardson & Company presented the Financial and Compliance audits to staff and the Ad Hoc Audit Review Committee comprised of Chair Jackie Neau and Vice Chair George Turnboo on November 29, 2023. Discussion items included the following:

Richardson & Company reports that El Dorado Transit received an Unmodified (clean) opinion under the generally accepted auditing standards.

There was one (1) proposed journal entry adjustment made by the auditors to reverse the South Lake Tahoe contra account allocation.

There was one (1) proposed journal entry adjustment made by the auditors to set up the Section 115 Pension Trust.

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

FINANCIAL AUDIT

El Dorado Transit staff is pleased to report that the FY 2022/23 Independent Financial Audit has identified no material weaknesses.

The financial audit is a measure of financial activity and compliance with government code during the given fiscal period. Highlights include net assets of El Dorado Transit exceeding its liabilities by \$12,804,009 with unrestricted net assets of \$1,532,411. It is the opinion of management that the unrestricted net assets indicate a good fiscal condition for El Dorado Transit.

COMPLIANCE REPORT

The audit report states with regard to the laws, regulations and provisions of the TDA, the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA) and the Low Carbon-Transit Operations Program (LCTOP) applicable to El Dorado Transit, “The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*, or the TDA or State grant program guidelines.”

SINGLE AUDIT

The Single Audit is a supplementary report of internal control over federal program financial reporting and compliance based on an audit of financial statements performed in accordance with government auditing standards. The primary function of a Single Audit is to review internal controls, purchasing procedures and reporting standards of agencies receiving federal grant funds. The trigger for conducting a Single Audit is an agency receiving over \$750,000 of federal funding in one fiscal year. El Dorado Transit received \$1,731,998 in federal funding during FY 2022/23 including four (4) operating assistance grants.

El Dorado Transit is reporting that the FY 2022/23 Independent Single Audit identified no material weaknesses in internal control over compliance.

Following Board acceptance, the full FY 2022/23 Independent Financial Audit Report will be available on El Dorado Transit’s website and will be made available for public review upon request at El Dorado Transit’s offices during normal business hours.