

AGENDA ITEM 1 H  
Consent Item

**MEMORANDUM**

**DATE:** December 1, 2022

**TO:** El Dorado County Transit Authority

**FROM:** Julie Petersen, Finance Manager

**SUBJECT:** Fiscal Year 2021/22 Independent Financial Audit, Single Audit and Compliance Reports

**REQUESTED ACTION:**

**BY MOTION,**

**Receive and File the Fiscal Year 2021/22 Independent Financial Audit, Single Audit and Compliance Reports 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) 2021/22 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 2021/22 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 John Hidahl and Vice Chair Jackie Neau on November 21, 2022. Discussion items included the following:

Richardson & Company reports that El Dorado Transit received a clean opinion under the generally accepted auditing standards.

There were two (2) proposed journal entry adjustments made by the auditors to correct deferred inflows and outflows of Other Post-Employment Benefits (OPEB) to match the actuarial valuation.

Prior year findings of a Significant Deficiency to the Schedule of Expenditures of Federal Awards (SEFA) have been resolved. Pg. 48

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 2021/22 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 \$13,737,669 with unrestricted net assets of \$1,672,718. 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 requirements.”

### *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 \$1,794,156 in federal funding during FY 2021/22 including three (3) operating assistance grants, two (2) preventative maintenance grants and one (1) capital assistance grant for bus washer retrofit.

El Dorado Transit is reporting that the FY 2021/22 Independent Single Audit identified no material weaknesses in internal control over compliance.

Following Board acceptance, the full FY 2021/22 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.