

AGENDA: February 7, 2008

TO: Regional Transportation Commission

FROM: Daniel Nikuna, Fiscal Officer

SUBJECT: FY 2006-2007 Fiscal Audit

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## **RECOMMENDATION**

Staff recommends that the Regional Transportation Commission:

1. Accept the SCCRTC FY 2006-2007 fiscal audit (enclosed separately for Commissioners).
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## **BACKGROUND**

The Commission is required by state law to undergo an annual financial audit. Moss, Levy & Hartzheim, performed the FY 2006-2007 fiscal audit for the Commission; this audit is enclosed separately for Commissioners. Moss, Levy & Hartzheim also performed the audit of Transportation Development Act (TDA) funds of the cities of Watsonville and Santa Cruz for its own TDA fund and the pass-through claims on behalf of Community Bridges and the Volunteer Center. The audit of the County of Santa Cruz TDA Fund is in progress. The Santa Cruz Metropolitan Transit District was audited by Brown Armstrong, CPAs.

## **DISCUSSION**

The Commission received a clean opinion from the Auditor and no major concerns were raised which would require changes to the SCCRTC internal controls and accounting practices. The audit reports of all TDA claimants are also unqualified (the highest possible positive opinion). However, the Management Letter ([Attachment 1](#)) reveals one exception (deficiency) related to RTC grant revenues collection performance. The exception and the staff response follow:

**Deficiency:** The Commission is having difficulty collecting outstanding receivables, specifically CMAQ and FHWA. The grants are prepared and submitted in a timely manner; however, they are remaining outstanding for a significant amount of time before payment is received.

**Recommendation:** The Commission operates on reimbursement basis for these grants and is dependent upon them to meet ongoing expenses. The Commission should closely monitor these grants and implement procedures to ensure collection in a timely manner.

**Response:** RTC staff will continue to closely monitor these grant invoices and will propose a monthly progress report from paying agency, which would include invoice status, issues causing delay and expected payment date.

The Management Discussion & Analysis Section of the audit report contains extensive financial highlights with comparison to the prior fiscal year. Generally, the Commission is financially strong. However, continuing to secure stable funding sources would remain a challenge in the future. The reports are public documents and are available at the Commission's office and on the website ([www.sccrtc.org](http://www.sccrtc.org)).

## **SUMMARY**

The Commission's annual fiscal audit has been completed and is ready for review. Staff recommends that the Commission accept the audit report.

Enclosure: FY 2006-2007 SCCRTC Fiscal Audit (enclosed separately)  
Attachment 1: Management Letter

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