

Nevada County Transportation Commission meeting – May 17, 2023

FY 2021/22 Fiscal and Compliance Audits

Presentation by Coley Delaney, CPA from The Pun Group.

Mike Woodman:

Annually, NCTC and its member jurisdictions that claim funds are required to have an outside independent auditor prepare a fiscal and compliance audit that is then required to be submitted to the State Controller's office. The Pun Group has been contracted with NCTC to prepare the FY 2021/22 Fiscal and Compliance Audits and those audits have been completed. Coley Delaney with The Pun Group is attending the meeting virtually today and will present an overview of the audits. Following the presentation of the audits, staff is recommending the Commission adopt Resolution 23-10 accepting the Fiscal and Compliance Audits as complete. With that, I will turn it over to Coley Delaney and happy to answer any questions following his presentation.

Coley Delaney:

Thank you. My name is Coley Delaney, I'm a partner with The Pun Group and I have a presentation on the results of the FY 2021/22 Fiscal and Compliance Audits for you. First, I'll start with our scope of work. The financial audits included in the scope of work are NCTC's basic financial statements, the County of Nevada Transit Services Fund, the Nevada City Transportation Development Act Fund, the City of Grass Valley TDA Fund and the Town of Truckee Transit Fund. Those are the five entities that are involved in the scope of work. For compliance audits, we did TDA compliance work on all five entities. For PTMISEA, it was NCTC, Nevada County Transit Services Fund, the Town of Truckee Transit Fund and then for the Regional Service Transportation Program, it was a Nevada County Transit Services Fund and the Grass Valley TDA Fund.

For the Regional Transportation Mitigation Fee, it is Nevada County Transit Services Fund, the Nevada City TDA Fund and the Grass Valley TDA Fund. State of Good Repair was the Truckee Transit Fund only, and for the Low Carbon Transit Operations Program is also only Truckee. Okay, as far as compliance with results, we'll start with the TDA. For NCTC, there was no non-compliance noted. For Nevada County, we did have one compliance finding noted where there was a finding over internal control over financial reporting and compliance because Nevada County had to do a prior period adjustment of \$826,000 in 2022 to record Federal Cares Act funding back to 2021, which was recorded in the incorrect period. That caused certain 2021 numbers to need to be restated, which included federal revenues recognized, LTF revenues recognized in 2021, accounts receivable, unearned revenue, and the maximum eligibility calculation for TDA.

Those changes and reclassifications that were made on the 2021 numbers are spelled out in a restatement footnote in the county's report. Nevada County also had a farebox recovery ratio of 6.53%, which did not exceed the 10%, but we all know that Assembly Bills AB90 and AB149 prohibit penalties for not meeting farebox recovery ratios through 2023 due to COVID. That one actually was not a finding. For Nevada City, there was no non-compliance noted. Their TDA funds go straight to Nevada County. Same for Grass Valley and then for the Truckee Transit Fund, there was no TDA non-compliance noted.

For PTMISEA, NCTC had no non-compliance noted, no allocation in 2022 and their expenditures was just basically a pass through of remaining interest earnings to the Town of Truckee. They had zero unexpended at June 30th, 2022. For Nevada County, no non-compliance, no allocation in 2022, but they did spend \$56,830. They used that funding for bus stop improvements, and unexpended proceeds at June 30th, 2022 are \$253,401. The Truckee Transit Fund, no non-compliance, 2022 allocations were \$1.00. That was a residual interest allocation, I think, on the \$77 that NCTC held and ultimately passed

through to them. They also have zero unexpended proceeds at June 30th, 2022. For the Regional Surface Transportation Program, Nevada County, no non-compliance, they were allocated \$939,150 and spent all of that on a road maintenance project and the Donner Pass Road Project. For Grass Valley TDA Fund, again, no non-compliance. They were allocated \$150,000 and spent that \$150,000 on street rehab, and then Nevada City and Truckee did not receive RSTP funds in 2022.

For the Regional Transportation Mitigation Fee, Nevada County, no non-compliance. They were allocated \$451,072 and spent \$450,721, leaving unexpended proceeds at \$1,351. Actually, the County spent those funds on pass through payments to the Commission and to the Town of Truckee. For Nevada City, no non-compliance noted. Allocated \$26,862 and spent all that. No unexpended proceeds. They also spent that money on pass through payments to NCTC. For the Grass Valley TDA Fund, no non-compliance. Allocated \$364,194 and spent all that. They spent the funds on the Main Street-Bennett project bond repayment and also passed through \$56,000 to NCTC.

State of Good Repair Program, only the Truckee Transit Fund received funding under that funding source this year, so no non-compliance noted. They were allocated \$150,441, only spent \$6,193 on the Transit Center Relocation Project and they have unexpended proceeds of \$467,242 as of June 30th, 2022. Low Carbon Transit Operations Program. Again, only Truckee, no non-compliance. They did not receive allocation in 2022, but they did have \$105,909 of expenditures that they spent on transit operations and they have zero unexpended proceeds at June 30th, 2022.

Okay, so for the Audit Results, for all entities, we issued an unmodified opinion on the financial statements, which means that the financial statements are fairly presented in all material respects. These significant accounting policies have been consistently applied, estimates used are reasonable and the disclosures are properly reflected in the financial statements.

As far as other results, again, for all five entities, we did not have disagreements with management or know any accounting issues. The accounting principles were consistently applied. We only issued one significant deficiency or material weakness. Again, that was issued to Nevada County as a material weakness and internal control over financial reporting and compliance, as I previously mentioned, due to missing a recording of Cares Act funding in 2022 that should have been recorded in 2021. For the financial statements and for compliance, there was just the one finding for the Nevada County Transit Services Fund finding number 2022-001 and that is obviously included in their financial statement with a management response to that finding as well. With that, that will complete my presentation and let me know if there are any questions.

Ed Scofield:

Thank you for that presentation. Commissioners, any questions?

Daniela Fernandez:

No questions, Coley. Thank you for that presentation. It was clear and concise and helpful.

Coley Delaney:

Thank you.