

LASSEN TRANSIT SERVICE AGENCY

May 13, 2024

(1) CONVENE:

LTSA's Regular Meeting convened at 1:00 p.m. by Chairman Albaugh, at City of Susanville Council Chambers, 66 North Lassen Street, Susanville, CA.

Commissioners Present: Albaugh, Gallagher, Brown, Neely, Miller and Schuster.

Commissioners Absent: None.

Others Present: John Clerici, LCTC, Caleb Schortz, Pete Heimbigner, Cynthia Raschein, and Jasleen Mutti, LTSA Staff.

1.1 Pledge of Allegiance.

1.2 Agenda Approval: Mr. Heimbigner requested to make a change on the agenda; Items 3.2 should be informational only, no action needed at this time. In a first by Mr. Brown, second by Mr. Gallagher, it was unanimously passed to approve the agenda with the requested changes.

1.3 Minutes Approval: On a first by Mr. Brown, second by Mr. Neely, it was unanimously passed to approve the March 11, 2024, minutes.

(2) CORRESPONDENCE / PUBLIC COMMENT

2.1 Correspondence: None.

2.2 Public Comment: None.

(3) NEW BUSINESS

3.1 Fiscal Year 2022/23 Final Audit Report: Mr. Heimbigner turned the discussion of the Audit Report over to Ingrid Sheipline of Richardson & Company, LLP. Ms. Sheipline was not currently available for the discussion so Chairman Albaugh asked to move on to the next item then the board could circle around when she becomes available.

3.2 Fiscal Year 2024/25 Fund 570 and Fund 569 Budget: Mr. Heimbigner discussed the budget units for 569 and 570. He stated there was not a huge change that was budgeted from the previous year. Gains are increasing the slight deficit as noted on the Budget Summary. Discussions were held regarding interest income, the different revenue sources, the larger expenditures and their uses.

Mr. Heimbigner states he will review and determine if the \$200k surplus from last year's audit can be used cover the 50K in post-employment expenses. Mr. Gallagher asked if LTSA can use their surplus to cover that and other expenditures. He proceeded to reference the expenditures for 570; 1.5MM that is set aside for transit operations as well as funding for maintenance and improvements for the bus yard. Mr. Heimbigner stated that everything

else budgeted is similar to last year's. He also discussed the un-capitalized equipment that was set aside for the new buses, one that we should be receiving in a couple of months and one we are trying to order as well.

Chairman Albaugh asked about the un-funded liability and Mr. Heimbigner stated he will need to determine what has been paid to date to settle the books. Mr. Gallagher asked about the A-87 costs and Mr. Heimbigner also stated he will need to verify the correct line item to reference A-87.

Chairman Albaugh asked about the cost to repaint, 50K. Mr. Heimbigner indicated there are also some small remodeling projects that are needed with that on top of the painting. Chairman Albaugh also asked if we have all the information needed for the budget information. At that time, the board was notified that Ingrid Shiepline was now available. Chairman Albaugh asked to go back to Item 3.1.

- 3.1 **Fiscal Year 2022/23 Final Audit Report (REVISITED):** Ingrid Shiepline asked the Board to reference the Audit Summary Report; the results of the 2022/23 Audit. She indicated the main goal of the audit was to issue an opinion on the financial statements of the agency and in conjunction with that they also provided a separate report on internal control and compliance. She also stated two additional letters were issued. The first was a governance letter which contains certain items they are required to communicate. The second is a management letter which includes recommendations of improvements. Ms. Shiepline stated she would touch on the highlights of those reports.

The first item is the independent auditors report and that's considered an unmodified or clean opinion on the financial statements. Some adjustments were made and the outcome established a clean opinion. Ms. Shiepline stated that the financial overview of the balance sheet shows a positive cash balance of 203K and last year there was a deficit of 122K, basically showing that the agency owed money to the county. Unearned amounts that are shown on the balance sheet represent revenues in the amount of 1.1MM of unspent funds that are available for eligible use. LTSA has a negative unrestricted net position of reserves of 683K but keep in mind the deferred revenues that are available for use. The statement of revenues and expenses show a net loss due to the Caltrans eligibility calculations (required by Transportation Development Act) that excludes depreciation, a total of 317K, definitely not an indication of how the agency is operated. There were revenues that were claimed and used for capital purposes, 223K for bus and lift expenditures. Note G to the financial statement shows the fair revenue ratio; LTSA is required to maintain a ratio of 10% however the current ratio is 45% and the reason it is so high is because the state is now allowing the use of federal operating grants to be considered to be local assistance in meeting that fair revenue ratio. Note M to the financial statement discussed the amounts the agency owes back to the county. The balance owed 51K as of June 2023. No amounts were repaid for the retention and post-employment expenses of the agency. The report on internal control and compliance was issued and considered a clean report with no weaknesses in internal controls. The governance letter outlines various items including the scope of the audit and outlines the 17 adjustments that were made to comply with GAAP. The last document is the management letter which includes two items that are not considered weaknesses. The revenue sources and how the revenue is recorded should be separated out into separate GL accounts instead of lumped together. The second item is performing the eligibility calculation for the local transportation funding for the claim according to the budget

amount and the recommendation is to use the calculation with actual amounts instead of the budget amount.

Overall the audit process was smooth and Ms. Shiepline thanked the staff for providing the information needed for the process. She proceeded to ask if anyone had questions. Chris Gallagher asked about the negative reserves. Ms. Shiepline stated that it is a negative number. Chairman Albaugh asked about the depreciation rate on diesel buses, Ms. Shiepline states it's a 15 year life. He asked about electric buses, Ms. Shiepline states she would have to double check that information. Chairman Albaugh asked about the ratio of 45% and if we should lower that. Ms. Shiepline states that's the federal grant funding that increases that ratio, she stated she would encourage trying to reduce that ratio. He also asked how we compare to other agencies our size. Ms. Shiepline states that LTSA is comparable to overall. The negative equity is common for agencies our size. Mr. Gallagher asked what is creating that negative number. Mr. Shiepline states that it is the eligibility calculation that is excluding depreciation but overall we are in the positive of about 200K with the 1.1MM of unearned revenue. Chief Albaugh asked what we can be doing better. Ms. Shiepline stated the growing curve with the new staff will provide a better understanding of the Transportation Development Act and the items needed for future audits.

(4) OTHER BUSINESS

4.1 **Reports by Executive Director and Staff:** None.

4.2 **Report by Lassen Rural Bus Manager/Staff:** He also stated that the agency lost a couple of on-call drivers; one moved to TX and the other is now a school bus driver. He stated they are still fully staffed and are still able to run all the routes. He reported their mechanic has given his 30 day notice but he has another mechanic who is training for the next 6 months to take his place. Currently they have 13 members who are available to respond to any emergencies that can come. Mr. Shortz also discussed their outreach community events, including the Dial-A-Ride services. They are also involved with the Vets for their transportation needs.

One time performance is averaging 92% despite the early snowstorms however that will reduce considerably due to the road construction in West County. Mr. Albaugh asked about pick up times, Mr. Shortz stated they would like to do a survey to determine the needs of the community.

They are experiencing ridership growth – 2021-22 with Covid - 2,318 trips, after Covid - 25,784 trips. Mr. Shortz states the ridership has worked out great with Dial-A-Ride operating second city route express because they are picking up a lot of extra riders. Especially the elderly. The second route allows them to not have to ride for an entire hour.

They have returned 417 shopping carts. People are becoming more combative while shopping carts are being picked up. Mr. Shortz would like to see law enforcement to get involved by issuing citations; their liability is increasing.

Stock maintenance is complete including weed abatement and graffiti removal. HVAC has been serviced for the fleet for the upcoming season. All the vehicles are out of service, except for Bus 20. Mr. Shortz stated Bus 101 has been taken out of service and he is hoping to get a new one in June or July. He also stated he can order another Gilig before he is unable to order at all.

4.3 **Matters brought forth by the Agency:** None.

4.4 **Set date for the next Regular Agency Meeting for June 10, 2024, at 1:00 p.m.**

4.5 **Adjournment:** 1:41 p.m.

DRAFT