

# 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. 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- \$1,538,366 is set aside for transit operations and maintenance and improvements, and everything else budgeted is similar to last year's. He also discussed the un-capitalized equipment that was set aside for the new buses.

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. Chairman Albaugh then asked about the cost to repaint, 50K and Mr. Heimbigner replied that the 50K includes that and other remodeling projects required at the facility.

### 3.1

**Fiscal Year 2022/23 Final Audit Report (REVISITED):** Ingrid Shiepline directed everyone to the 2022/23 Audit.

The independent auditors report stated 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. Unearned amounts that are shown on the balance sheet represent revenues for LTF, CALOES, LCTOP and other unspent funds in the amount of 1.1MM that are available for eligible use in the future years. LTSA has a negative unrestricted net position of reserves of 683K but there are also deferred revenues available for future use. The statement of revenues and expenses show a net loss for capital revenues by 296,000 due to the Caltrans eligibility calculations that exclude depreciation, a total of 317K, therefore this is 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 as per the Transportation Development Act (TDA) to maintain a ratio of fare revenues to operating expenditures, of 10% however the current ratio is 45% and the reason it is 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 for pension & other post-employment benefits (OPEB). The balance owed is 51K as of June 2023. Although there was a plan to repay these back but 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 generally accepted accounting principles (GAAP). The last document is the management letter which includes two items that are not considered weaknesses but there were other areas that were considered in need of improvement; 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.

Following Ms. Sheipline's discussion of the Audit Report, Chairman 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 and electric buses. Ms. Shiepline stated that for diesel buses it's a 15 year life, but no one knew about the life depreciation rate for electric buses,

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.

**(4) OTHER BUSINESS**

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

4.2 **Report by Lassen Rural Bus Manager/Staff:** Mr. Schortz that the agency has lost a couple of on-call drivers and one out of the two mechanics has given his 30 day notice. LRB will be left with 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.

The on-time performance is averaging 92% due to the early snowstorms and the road construction in West County.

LRB is already seeing ridership growth post-Covid and the ridership has worked out great with Dial-A-Ride operating second city route express as they are picking up a lot of extra riders. Especially the elderly.

They have returned 417 shopping carts. Stock maintenance is complete including weed abatement and graffiti removal. HVAC has been serviced for the fleet for the upcoming season.

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.