

DEPARTMENT of PUBLIC WORKS

64
County of Lassen



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J-4
2024/12

February 2, 2024

TO: Board of Supervisors
Agenda Date: February 12, 2024

FROM: Department of Public Works/Transportation

SUBJECT: Lassen County Transit Agency (LTSA) Transportation Development Act (TDA)
2020 and 2021 Audit Reports

RECOMMENDATION: That the Board accept the Audit Reports for the years ending 2020 and 2021, ~~and authorize the Executive Secretary to sign and finalize the reports.~~

DISCUSSION: The Transportation Development Act (TDA), Section 99245, requires an annual audit of each claimant to whom the transportation planning agency and county transportation commission directs an allocation of funds.

The Audit Reports were presented to and accepted by the LTSA at its regularly scheduled meeting of May 8, 2023 (minutes attached). No findings were identified in the Audit Reports.

FINANCIAL IMPACT: Accepting the Audit Reports will allow the LTSA to invoice the Lassen County Transportation (LCTC) for TDA funds in the amount of \$9,769.06 in pedestrian and bicycle funding and \$516,633 for transportation related funding, which was set aside and approved by the LCTC.

OTHER AGENCY INVOLVEMENT: Caltrans, Lassen County Transportation Commission

DEPARTMENTAL APPROVAL: *P. Heimigner*

REVIEWED FOR AGENDA: _____

DRAFT

COUNTY OF LASSEN
TRANSPORTATION DEVELOPMENT ACT FUND
PEDESTRIAN AND BICYCLE PURPOSES

Audited Financial Statements
and Compliance Report

June 30, 2020 and 2021

COUNTY OF LASSEN

TRANSPORTATION DEVELOPMENT ACT FUND
PEDESTRIAN AND BICYCLE PURPOSES

Audited Financial Statements
and Compliance Report

June 30, 2020 and 2021

Audited Financial Statements

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Compliance Report

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
County of Lassen
Susanville, California

Opinions

We have audited the accompanying financial statements of the Transportation Development Act fund allocated for non-transit purposes (the fund) of the County of Lassen (the County), as of and for the years ended June 30, 2020 and 2021, and the related notes to the financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Transportation Development Act fund allocated for non-transit purposes of the County of Lassen, as of June 30, 2020 and 2021, and the respective changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Transportation Development Act fund allocated for non-transit purposes of the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Supervisors
County of Lassen

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis-of-Matter

As discussed in Note B, the financial statements present only the Transportation Development Act Fund allocated for pedestrian, bicycle, streets and roads purposes of the County of Lassen and do not purport to, and do not, present fairly the financial position of the County of Lassen as of June 30, 2020 and 2021, and the changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Management has omitted management's discussion and analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Our opinion on the financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2022 on our consideration of the County's internal control over financial reporting related to the Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, and the Transportation Development Act. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

_____, 2022

COUNTY OF LASSEN

TRANSPORTATION DEVELOPMENT ACT FUND
PEDESTRIAN AND BICYCLE PURPOSES

STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

For the Years Ended June 30, 2020 and 2021

| | <u>2021</u> | <u>2020</u> |
|------------------------------------|----------------|----------------|
| REVENUES | | |
| Local Transportation Funds | \$ 315,180 | \$ 535,042 |
| TOTAL REVENUES | <u>315,180</u> | <u>535,042</u> |
| EXPENDITURES | | |
| Pedestrian and bicycle (Article 3) | 9,798 | 12,867 |
| Streets and roads (Article 8) | 305,382 | 522,175 |
| TOTAL EXPENDITURES | <u>315,180</u> | <u>535,042</u> |
| NET CHANGE IN FUND BALANCE | - | - |
| Fund balance at beginning of year | <u>-</u> | <u>-</u> |
| FUND BALANCE AT END OF YEAR | <u>\$ -</u> | <u>\$ -</u> |

The accompanying notes are an integral part of these financial statements.

COUNTY OF LASSEN
TRANSPORTATION DEVELOPMENT ACT FUND
PEDESTRIAN AND BICYCLE PURPOSES
NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2021

NOTE A – ORGANIZATION

The County of Lassen, California (the County) receives funds under the provisions of the Transportation Development Act (TDA) from the Lassen County Local Transportation Fund (LTF) under Article 3, Section 99234 for pedestrian and bicycle facilities and Article 8, Section 99400(c) for streets and roads. These funds represent amounts set aside by the Lassen County Transportation Commission (LCTC), the transportation planning agency administering TDA funds, to be allocated for pedestrian and bicycle facilities and street and roads within the jurisdictions of Lassen County. Article 3 funds represent up to 2% of the available funds countywide and Article 8 funds are allocated by LCTC by project requirements. The County of Lassen's Natural Resources Fund is used to account for Article 3 TDA funds, and the Road Fund is used to account for Article 8 TDA funds received by the County.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The financial statements of the Transportation Development Act Fund allocated for pedestrian and bicycle purposes (the Fund) of the County of Lassen's have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity: The financial statements are intended to present the financial position and results of operations of only those transactions recorded for the Fund, which is included in the County's Natural Resources Fund or Road Fund. The Natural Resources and Road Funds are included in the financial statements of the County.

Fund Accounting: The accounts of the County are organized on the basis of funds. A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity.

The County utilizes the special revenue fund type of the governmental fund group to account for activities of the Fund. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. A special revenue fund is accounted for on a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by special revenue funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which is generally 90 days. LTF revenues are recognized when all eligibility requirements have been made. Expenditures are recorded when the related fund liability is incurred.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
AND THE TRANSPORTATION DEVELOPMENT ACT

To the Board of Supervisors
County of Lassen
Susanville, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Transportation Development Act Fund allocated for pedestrian and bicycle purposes of the County of Lassen (the County) as of and for the years ended June 30, 2020 and 2021, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated _____, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. Our audit was further made to determine that Transportation Development Act (TDA) funds allocated and received by the County were expended in conformance with the applicable statutes, rules and regulations of the TDA and Section 6666 of the California Code of Regulations. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or others matters that are required to be reported under *Government Auditing Standards* or the TDA.

To the Board of Supervisors
County of Lassen

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the TDA in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

_____, 2022

LASSEN TRANSIT SERVICE AGENCY

May 8, 2023

(1) CONVENE:

LTSA's Regular Meeting convened at 1:02 p.m. by Chairman Albaugh, at City of Susanville Council Chambers, 66 North Lassen Street, Susanville, CA.

Commissioners Present: Stafford, McCourt, Ingram (alternate), Herrera (alternate), Neely, and Albaugh.

Commissioners Absent: Gallagher and Brown.

Others Present: John Clerici, Steve Borroum, LCTC; Caleb Schortz, Paratransit; Pete Heimbigner, and Cheryl Strange, LTSA Staff.

1.1 Pledge of Allegiance.

1.2 Agenda Approval: On a first by Mr. Stafford, second by Mr. Herrera, it was unanimously passed to approve the agenda.

1.3 Minutes Approval: On a first by Mr. Stafford, second by Mr. Neely, it was unanimously passed to approve the March 13, 2023, minutes.

(2) CORRESPONDENCE / PUBLIC COMMENT

2.1 Correspondence: None.

2.2 Public Comment: None.

(2) NEW BUSINESS

3.1 Fiscal Year 2021/22 Final Audit Report: By Zoom, Ingrid Sheipline, Richardson & Company, LLP, reviewed information as provided in packets.

Discussion was held to clarify reimbursement of County employee pensions and benefits.

Discussion was held regarding LCTC and LTSA history. Resources were given if any director would like more information on the division of the Commission and Agency.

On a first by Mr. Herrera, second by Mr. McCourt, it was unanimously passed to accept the 2021/22 independent TDA report.

3.2 Advertising Policy and Pricing: Mr. Heimbigner reviewed information as provided in packets.

Mr. Albaugh asked for clarity regarding audio advertising. Mr. Schortz commented that "audio" applies specifically to audio advertising on buses, and not on the radio. Mr. Albaugh asked to have more descriptive verbiage added to the policy

Discussion was held regarding ads content, pricing, and length of advertising contracts. Mr. Heimbigner said that any advertising content that is questionable will be brought before the LTSA.

Mr. Heimbigner stated that there will time to work on the policy as staffing is currently unavailable to dedicate to the task.

(4) **OTHER BUSINESS**

- 4.1 **Reports by Executive Director and Staff:** Mr. Heimbigner commented that Mr. Knaut has resigned from his position and has already served his last day. He stated that recruiting has already begun.

Discussion was held regarding his exemplary performance.

- 4.2 **Report by Lassen Rural Bus Manager/Staff:** Mr. Schortz reviewed information as presented in packets.

- Report on LRB activity
- Report of maintenance activity of the LRB fleet
- Report on condition of the fleet vehicle HVAC systems

Mr. McCourt asked how long it takes to get vandalism cleaned up and who does it. Mr. Schortz answered that they are usually notified by the first route driver of the day and they send their own staff out to clean as soon as they receive notification. Mr. Herrera said that the recent vandals have all been caught.

- 4.3 **Matters brought forth by the Agency:** Mr. Ingram reported that he will be hosting a Career Opportunities Workshop at the fairgrounds on June 1, 2023. He asked Mr. Schortz if transportation could be arranged through LRB for out of area attendees. It was agreed to discuss options outside of the meeting setting.

Mr. Albaugh reported that the last Board of Supervisors meeting was held in Bieber and included a trip to the Fallen Heroes Memorial in Adin.

- 4.4 **Set date for the next Regular Agency Meeting for June 19, 2023, at 1:00 p.m.**

- 4.5 **Adjournment:** 1:48 p.m.