

**PERFORMANCE AUDIT
OF THE COLUSA COUNTY
TRANSIT AGENCY
FOR THE THREE YEARS
ENDED JUNE 30, 2008**

**SUBMITTED TO COLUSA COUNTY
LOCAL TRANSPORTATION COMMISSION**

**PERFORMANCE AUDIT OF COLUSA COUNTY TRANSIT AGENCY
TRIENNIAL PERFORMANCE AUDIT
FOR THE THREE YEARS ENDED JUNE 30, 2008**

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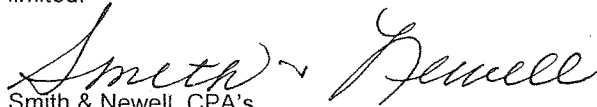
TRANSMITTAL LETTER

Board of Directors
Colusa County Local Transportation Commission
County of Colusa
Colusa, California

We have conducted a performance audit of the Colusa County Transit Agency for the three years ended June 30, 2008. We conducted our audit in accordance with the requirements of the California Public Utilities Code.

The purpose of this performance audit was to evaluate the efficiency, effectiveness, and the economy of the operation of the Colusa County Transit Agency in accordance with the Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities as issued by the State of California Business, Transportation and Housing Agency California Department of Transportation Mass Transportation Program.

This report is intended for the information of management, the Colusa County Local Transportation Commission and the California Department of Transportation. However, this report is a matter of public record and its distribution is not limited.



Smith & Newell, CPA's
Yuba City, California
June 29, 2009

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SECTION I

Introduction

California's Transportation Development Act (TDA) requires that a triennial performance audit be conducted of public transit entities that receive TDA revenues. The performance audit serves to ensure accountability in the use of public transportation revenue.

The Colusa County Local Transportation Commission (CCLTC) has retained the firm of Smith and Newell, CPAs to conduct a performance audit of the Colusa County Transit Agency (CCTA) covering the most recent triennial period, Fiscal Years 2005-06 through 2007-08. The purpose of the performance audit is to evaluate CCTA's effectiveness and efficiency in its use of TDA funds to provide public transit in its designated service area. This is required as a condition for continued receipt of these funds for public transportation purposes. In addition, the audit evaluates CCTA's compliance with the conditions stipulated in the California Public Utilities Code (CPUC). This task involves ascertaining whether CCTA is meeting the CPUC's reporting requirements and that it is endeavoring to implement prior performance audit recommendations made to the agency. Moreover, the audit includes calculations of transit service performance indicators and a detailed review of the agency's departments and organizational functioning. From the analysis that has been undertaken, a set of recommendations has been made for the agency, which is intended to improve the performance of transit operations.

The methodology for the audit included in-person interviews with transit management, collection and review of agency documents and data analysis. The Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities, published by the California Department of Transportation (Caltrans), was used to guide the development and direction of the audit.

Overview of the Transit System

Generally, the Agency provides paratransit services to the people of Colusa County within and around the cities of Colusa, Maxwell, Arbuckle, Williams, Princeton, and Grimes. Services to other areas are provided on a limited basis. The Agency receives funding from the Area Agency on Aging to provide paratransit services to the elderly. The Agency transit system is entirely demand-responsive.

The transit service utilizes a fleet of 11 buses and 6 staff vehicles. All of CCTA's revenue vehicle fleet complies with the requirements of the Americans With Disabilities Act (ADA) by being equipped with wheelchair lifts.

SECTION II

Operator Compliance Requirements

This section of the audit report contains the analysis of the CCTA's ability to comply with State requirements for continued receipt of TDA funds. The evaluation uses the guidebook, "Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities" which was developed by Caltrans to assess transit operators. The guidebook contains a checklist of twelve measures taken from relevant sections of the CPUC and the California Code of Regulations (CCR). Of the compliance measures, ten are applicable to CCTA. Each of these requirements is discussed in the table below, including a description of the system's efforts to comply with the requirements. In addition, the findings from the compliance review are described in the text following the table.

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SECTION II (CONTINUED)

Operator Compliance Requirements (Continued)

Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
<p>The transit operator submitted annual reports to the RTPA based upon the Uniform System of Accounts and Records established by the State Controller. Report is due 90 days after the end of the fiscal year (Sept. 30), or 110 days (Oct. 20) if filed electronically (internet).</p> <p>During the audit period, the submittal dates were:</p> <p>FY 2006: November 1, electronic filing FY 2007: October 18, electronic filing FY 2008: October 20, electronic filing</p>	Public Utilities Code, Section 99243	<p>Completion/submittal dates (internet filing):</p> <p>FY 2006: December 6, 2006 FY 2007: October 19, 2007 FY 2008: October 29, 2008</p> <p>Conclusion: Did not comply in FY 2006, FY 2007 and FY 2008.</p>
<p>The operator has submitted annual fiscal and compliance audits to the RTPA and to the State Controller within 180 days following the end of the fiscal year (Dec. 27), or has received the appropriate 90 day extension by the RTPA allowed by law.</p>	Public Utilities Code, Section 99245	<p>Completion/submittal dates:</p> <p>FY 2006: April 13, 2007 FY 2007: February 7, 2008 FY 2008: In progress</p> <p>Conclusion: Did not comply in FY 2006, FY 2007 and FY 2008. Noted no 90 day extension received.</p>
<p>The CHP has, within the 13 months prior to each TDA claim submitted by an operator, certified the operator's compliance with Vehicle Code Section 1808.1 following a CHP inspection of the operator's terminal.</p>	Public Utilities Code, Section 99251	<p>CCTA participates in the CHP Driver Pull Notice Compliance Program in which the CHP has conducted inspections within the 13 months prior to each TDA claim submitted by CCTA. CCTA received a "satisfactory" rating for FY 2006, 2007 and 2008. The inspection dates applicable to this audit include: July 17, 2006, July 5, 2007, and May 21, 2008.</p> <p>Conclusion: Complied</p>
<p>The operator's claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPA for such claims.</p>	Public Utilities Code, Section 99261	<p>As a condition of approval, the CCTA's annual claims for Local Transportation Funds and State Transit Assistance is submitted in compliance with rules and regulations adopted by CCLTC.</p> <p>Conclusion: Complied</p>
<p>The Operator does not routinely staff with two or more persons public transportation vehicles designed to be operated by one person.</p>	Public Utilities Code, Section 99264	<p>CCTA does not routinely staff public transportation vehicles with two or more persons designed to be operated by one person:</p> <p>Conclusion: Complied</p>

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SECTION II (CONTINUED)

Operator Compliance Requirements (Continued)

Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
The operator's operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).	Public Utilities Code, Section 99266	<p>CCTA's operating budget has not increased in excess of the 15% threshold during the audit period.</p> <p>Percentage increase in CCTA's operating budget:</p> <p>FY 2006: -20.44% FY 2007: +2.27% FY 2008: +1.12%</p> <p>Source: FYs 2006-2008 Annual Fiscal and Compliance Audits.</p> <p>Conclusion: Complied</p>
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating costs at least equal to one-fifth (20) percent), unless it is in a county with a population of less than 500,000, in which case it must maintain a ratio of fare revenues to operating costs of at least equal to three-twentieths (15 percent), if so determined by the RTPA. If the operator serves a rural area, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent).	Public Utilities Code, Sections 99268.2, 99268.3, 99268.4, 99268.5, 99268.12, 99270.1.	<p>The fare ratio requirement during the audit period was 10 percent. The system's fare ratios using audited data are as follows:</p> <p>FY 2006: 10.68% FY 2007: 10.39% FY 2008: 12.98%</p> <p>Conclusion: Complied</p> <p>Source: FYs 2006-2008 Annual Fiscal and Compliance Audits.</p>
The current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPA which will fully fund the retirement system within 40 years.	Public Utilities Code, Section 99271	<p>Colusa County contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.</p> <p>Conclusion: Complied</p>
If the operator receives State Transit Assistance funds, the operator is not precluded by contract from employing part-time drivers or from contracting with common carriers	Public Utilities Code, Section 99314.5 ©	<p>CCTA is not precluded by contract from employing part-time drivers or from contracting with common carriers. CCTA currently does not employ part-time drivers for its bus services.</p> <p>Conclusion: Complied</p>

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SECTION II (CONTINUED)

Operator Compliance Requirements (Continued)

Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
If the operator receives State Transit Assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	California Code of Regulations, Section 6754 (a)(3)	CCTA utilizes federal funds that are available to the agency, as reported in the annual State Controller reports. FY 2006: Operations \$61,190 FY 2007: Operations \$96,831 FY 2008: Operations \$312,906 Conclusion: Complied

SECTION III

Prior Triennial Performance Audit Recommendations

1. Recommendation: The Agency should ensure that annual fiscal and compliance audits are sent to the State Controller within the required 180 days (with possible extension of up to 90 days) after fiscal year end.

Status: There has been no change from the prior performance audit.

2. Recommendation: The Agency should take appropriate action to ensure that performance audits are contracted for in a timely manner.

Status: The Agency contracted with an independent auditor for timely completion of the required performance audits.

3. Recommendation: A review of current fares should be conducted to determine if fare increases are warranted due to decreasing farebox revenue returns during the past five years.

Status: There has been no change from the prior performance audit.

SECTION IV

TDA Performance Indicators

This section reviews CCTA's performance in providing transit service to the community in an efficient and effective manner. TDA requires that at least five specific performance indicators be reported, which are contained in the following tables. Farebox recovery ratio is not one of the five specific indicators, but is a requirement for continued TDA funding. Therefore, farebox calculation is also included. Findings from the analysis are contained in the section following the table.

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SECTION IV (CONTINUED)

TDA Performance Indicators (Continued)

CCTA Systemwide Performance Indicators

Performance Data and Indicators*	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Operating cost	\$ 727,010	\$ 779,717	\$ 903,721
Total passengers	52,535	52,001	54,574
Vehicle service hours	19,439	20,295	21,319
Vehicle service miles	159,799	159,238	168,996
Employee FTE's**	9.30	9.75	10.25
Passenger fares	\$ 72,540	\$ 74,503	\$ 72,780
Operating cost per passenger	\$ 13.84	\$ 14.99	\$ 16.56
Operating cost per vehicle service hour	\$ 37.57	\$ 38.42	\$ 42.39
Passengers per vehicle service hour	2.72	2.56	2.56
Passengers per vehicle service mile	0.33	0.33	0.32
Vehicle service hours per employee	2,080.54	2,081.54	2,079.90
Fare recovery ratio***	10.68%	10.39%	12.98%

*Systemwide operating costs and fare revenues are audited data.

**Employee FTE's are calculated by dividing the number of person hours by 2,080.

***Systemwide farebox recovery taken from Annual Financial Audit which reflects TDA cost exclusions and revenue adjustments.

Source: State Controller Operator's Reports, Annual Financial Audits, Administrative Operations Reports

Conclusion from Verification of TDA Performance Indicators

An overview of the performance indicators reflects an environment where general operating costs like fuel, insurance and wages and benefits continue to increase at a relatively quick pace. Also, operating costs have grown faster than fare revenues. In addition, the trend with faster growth in operating cost relative to fares causes the farebox ratio to decrease. Trends in other performance indicators like the increase in operating costs per passenger and costs per vehicle service mile may be reflective of the challenges of providing transit services over a mostly rural geographic area.

SECTION V

Review of Operator Functions

This section provides an in-depth review of various functions within the CCTA. The review highlights accomplishments, issues and/or challenges that were determined during the audit period. The following functions were reviewed at CCTA:

- General Management and Organization
- Service Planning
- Scheduling, Dispatch, and Operations
- Personnel Management and Training
- Administration
- Marketing and Public Information
- Maintenance

A. General Management and Organization

The Transit Manager receives and reviews financial reports monthly and route logs daily. The route logs are completed daily by the drivers and include number of passengers, employee hours, vehicle service hours, vehicle service miles, and drivers vehicle inspection. The Transit Manager communicates with employees as needed and takes appropriate action with respect to problem areas.

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SECTION V (CONTINUED)

Review of Operator Functions (Continued)

B. Service Planning

The Transit Manager analyzes where service is needed and works to improve existing service. CCTA has not set any goals or objectives and has not developed any strategic plans or short range plans. The Transit Manager reviews the passenger counts on the daily route logs. CCTA has not developed a policy for minimum ridership levels. CCTA serves the elderly, handicapped, and general public of Colusa County. 100% of revenue vehicles are handicapped accessible. Dial-a-ride service and medical transport services are offered to those with special needs.

CCTA is governed by the Colusa County Local Transportation Commission. All meetings are open to the public and the board authorizes fare increases. The Board of Commissioners hold public hearings to approve route changes prior to the changes taking effect. Route changes are made by the Commissioners and Transit Manager.

Ongoing surveys of riders are conducted.

C. Scheduling, Dispatch, and Operations

CCTA is a small organization with one Transit Manager, an Operations Supervisor, a lead Transit Specialist, a mechanic and full-time drivers. Drivers are assigned to routes by the Operations Supervisor. CCTA follows all Colusa County policies regarding payroll and benefits.

Advance reservations are accepted by the transit office and logged on the daily route sheets. The Operations Supervisor reviews the daily route sheets when scheduling to ensure that an appropriate vehicle and driver are assigned the route for the day.

D. Personnel Management and Training

Any new employees receive training when hired and current employees receive training updates periodically which meets state requirements and includes safety training. CCTA has a low turnover rate, the full time employees have been with CCTA for several years.

All vehicles are equipped with appropriate safety equipment. CCTA follows all Colusa County policies. Full time employees receive all benefits offered by Colusa County.

E. Administration

The Transit Manager works with the Colusa County Auditor Controller to develop a budget each year. The Colusa County Auditor Controller submits budget to actual reports to the Transit Manager on a monthly basis. Any expenses in excess of budgeted amounts require a budget revision approved by the Board of Commissioners prior to payment of the expense.

Grant applications are completed by the Transit Manager on behalf of the CCTA. CCTA is included under the County's self-insurance programs. Facilities management functions are performed by CCTA. General accounting functions and payment of accounts payable are performed by the Colusa County Auditor Controller's office. All invoices are prepared and approved for payment by the Transit Manager before payment by the County Auditor Controller's office. CCTA is a small organization and does not have an internal audit function.

At the end of each working day, each driver stops in front of the office area and advises the dispatcher by code that it is time to remove the farebox from the vehicle. The driver does not announce over the radio that they are ready to have their farebox emptied.

The dispatcher and driver are both present for the removal of the farebox from the farebox holder in the vehicle. The contents of the farebox are placed into a bag marked with the following information: vehicle number, date, drivers (who drove the vehicle during the day), dispatcher signature (who is emptying the farebox) and driver signature (who is emptying the farebox). In the event the farebox needs to be emptied during the day and there are passengers on board, the farebox is taken into the dispatch office where both the dispatcher and driver are present while the farebox is emptied of all cash into a bag provided for that vehicle.

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SECTION V (CONTINUED)

Review of Operator Functions (Continued)

E. Administration (Continued)

Each bag is sealed in the presence of both the dispatcher and driver. The bag is then placed into the safe in the Transit Manager's office. The door to the Transit Manager's office is locked at all times unless occupied by the Transit Manager. After the last vehicle's farebox has been changed and the bag placed into the safe, the safe is locked and the office door also locked. All revenues are deposited with the Colusa County Treasurer and are invested in accordance with the County's investment policies.

Payroll is processed by the Colusa County Auditor Controller's office. Employees complete timesheets which are reviewed and approved by the Transit Manager and submitted to the payroll clerk for payment.

F. Marketing and Public Information

Route schedules are available at the Transit office and online at www.ccdpw.com. CCTA has not had any advertising campaigns during the audit period. All complaints are directed to the Transit Manager for response. The Transit Manager informs the Board of complaints as necessary and also requests the assistance of the Colusa County Counsel when needed.

G. Maintenance

Maintenance services are provided by the Agency. Any vehicle needing service that the Agency mechanic cannot perform is sent out for service at the direction of the Transit Manager. All vehicles have a preventative maintenance schedule which is monitored by the drivers and the Transit Manager. The preventative maintenance schedules have been developed by the Agency mechanic in accordance with the manufacturers specifications. When maintenance is needed the Operations Supervisor schedules the service with the Agency mechanic to minimize the impact on service. The drivers, Transit Manager and Agency mechanic work together in determining if a vehicle is unsafe and needs to be removed from service. Parts are ordered from a local facility, so stock is kept low.

SECTION VI

Findings and Recommendations

STATE CONTROLLER'S REPORT

Condition

We noted that the State Controller's Report for the years ended June 30, 2006, 2007, and 2008 was not filed in a timely manner.

Cause

The report was not filed by the electronic filing due date of November 1, 2006 (FY 2006), October 18, 2007 (FY 2007) and October 20, 2008 (FY 2008).

Criteria

Public Utilities Code Section 99243 requires the transit operator submit annual reports based on the uniform system of accounts and records established by the State Controller.

Effect of Condition

The Agency is not in compliance with Public Utilities Code Section 99243 for fiscal years ended June 30, 2006, June 30, 2007, and June 30, 2008.

Recommendation

We recommend that the Agency submit the State Controller's report in a timely manner as prescribed by Public Utilities Code Section 99243.

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ANNUAL AUDIT REPORT

Condition

We noted that the annual fiscal and compliance audit reports for June 30, 2006, June 30, 2007, and June 30, 2008 were not submitted to the RTPA and State Controller within 180 days following the end of the fiscal year.

Cause

The annual fiscal and compliance audit reports were submitted within the required time frame if the Agency had received a 90 day extension, however, we noted the Agency had not requested or received the 90 day extension allowed by law.

Criteria

Public Utilities Code Section 99245 requires the Agency submit annual fiscal and compliance audit reports to the RTPA and the State Controller within 180 days following the end of the fiscal year.

Effect of Condition

The Agency is not in compliance with Public Utilities Code Section 99245 for fiscal years June 30, 2006, June 30, 2007, and June 30, 2008.

Recommendation

We recommend that the Agency submit the annual fiscal and compliance audit reports to the RTPA and the State Controller within 180 days following the end of the fiscal year as prescribed by Public Utilities Code Section 99245.

FULL-TIME EQUIVALENT EMPLOYEE

Condition

We noted that full-time equivalent employee hours were calculated based on 2080 hours rather than 2000 hours.

Cause

The Agency calculates full-time equivalent employee hours by dividing the number of person hours by 2,080 rather than the using the TDA definition which uses 2,000.

Criteria

The California Department of Transportation Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities defines full-time equivalent employee hours as the number of person hours worked divided by 2,000.

Effect of Condition

The Agency is calculating full-time equivalent employee hours based on 2080 hours rather than 2,000 in accordance with the California Department of Transportation Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities.

Recommendation

We recommend that the Agency review the calculation of full-time equivalent employee hours to ensure it is in compliance with the definition of full-time equivalent employee hours provided in the California Department of Transportation Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities.

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SECTION VII

Prior Triennial Performance Audit Findings and Recommendations

<u>Recommendation</u>	<u>Status</u>
1. The Agency should ensure that annual fiscal and compliance audits are sent to the State Controller within the required 180 days (with possible extension of up to 90 days) after fiscal year end.	There has been no change from the prior performance audit.
2. The Agency should take appropriate action to ensure that performance audits are contracted for in a timely manner.	The Agency contracted with an independent auditor for timely completion of the required performance audits.
3. A review of current fares should be conducted to determine if fare increases are warranted due to decreasing farebox revenue returns during the past five years.	There has been no change from the prior performance audit.