

**PERFORMANCE AUDIT
OF THE COLUSA COUNTY
TRANSIT AGENCY
FOR THE THREE YEARS
ENDED JUNE 30, 2011**

**SUBMITTED TO COLUSA COUNTY LOCAL
TRANSPORTATION COMMISSION**

PERFORMANCE AUDIT OF COLUSA COUNTY TRANSIT AGENCY
Triennial Performance Audit
For the Three Years Ended June 30, 2011

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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, 2011. 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, CPAs
Yuba City, California
March 26, 2011



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Executive Summary

Smith and Newell CPAs was retained by the Colusa County Local Transportation Commission (CCLTC) to conduct a performance audit of the Colusa County Transit Agency (CCTA) for Fiscal Years (FY) 2008-09 through 2010-11.

This performance audit is intended to evaluate CCTA's effectiveness and efficiency in its use of the TDA funds received to provide public transit services. To gather information for the TDA performance audit, Smith and Newell, CPAs conducted interviews with agency staff, reviewed various documents, and evaluated CCTA's responsibilities, functions, and performance of the TDA guidelines and regulations.

Below are summaries of findings from the analysis:

1. CCTA conducts its management of the TDA program in a competent, professional manner.
2. Annual fiscal and compliance audit for FY 2009 was not submitted to CCLTC and the State Controller within 180 days following the end of the fiscal year.

One recommendation is provided to improve CCTA's administration and management relating to TDA. The recommendation is described in detail in Section VI of this audit. This recommendation is summarized as follows:

1. Submit the annual fiscal and compliance audit report to the RTPA and the State Controller within the legally prescribed time limit.

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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 2008-09 through 2010-11. 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

Colusa County Transit Agency operates a Dial-A-Ride service with fixed timed routes. The Agency provides curb-to-curb service for the general public and door-to-door service for ADA passengers. The Agency provides services to the people of Colusa County within and around the cities of Colusa, Maxwell, Arbuckle, Williams, Princeton, Stonyford, Sites 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 transit service utilizes a fleet of 10 buses, 4 medical transport vehicles, and 1 staff vehicle. All of CCTA's revenue vehicle fleet with the exception of 3 medical transport vehicles complies with the requirements of the Americans With Disabilities Act (ADA) by being equipped with wheelchair lifts.

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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 eleven measures taken from relevant sections of the CPUC and the California Code of Regulations (CCR). Of the eleven compliance measures, nine are applicable to CCTA. Each of these requirements is discussed in the table below, including a description of the Agency’s efforts to comply with the requirements. In addition, the findings from the compliance review are described in the text following the table.

	Requirement	PUC Reference	Y/N	Comments
(1)	<p>The transit operator submitted annual reports to the RTPE 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 required submittal dates were:</p> <p>FY 2009: November 14, electronic filing FY 2010: October 18, electronic filing FY 2011: October 20, electronic filing</p>	99243	Y Y Y	<p>Completion/submittal dates (internet filing):</p> <p>FY 2009: October 18, 2009 FY 2010: October 12, 2010 FY 2011: October 3, 2011</p>
(2)	<p>The operator has submitted annual fiscal and compliance audits to its RTPE 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 allowed by law.</p>	99245	N Y Y	<p>Completion/submittal dates:</p> <p>FY 2009: March 19, 2010 FY 2010: February 22, 2011 FY 2011: In progress</p>
(3)	<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>	99251B	Y	<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 2009, 2010 and 2011. The inspection dates applicable to this audit include: May 28, 2009, June 23, 2010, and June 29, 2011.</p>

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SECTION II (CONTINUED)

Operator Compliance Requirements (Continued)

	Requirement	PUC Reference	Y/N	Comments
(4)	The operator's claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPE for such claims.	99261	Y	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.
(5)	If an operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPE.	99270.1	N/A	CCTA serves only rural areas.
(6)	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).	99266	Y Y Y	CCTA's operating budget has increased in excess of the 15% threshold during the audit period. This increase has reasonably been substantiated by the Agency due to increases in salaries and capital assets. Percentage increase in CCTA's operating budget: FY 2009: -13.05% FY 2010: +26.44% FY 2011: -5.00% Source: FYs 2009-2011 Annual Fiscal and Compliance Audits.
(7)	The operator's definitions of performance measures are consistent with Public Utilities Code Section 99247, including (a) operating cost, (b) operating cost per passenger, (c) operating cost per vehicle service hour, (d) passengers per vehicle service hour, (e) passengers per vehicle service mile, (f) total passengers, (g) transit vehicle, (h) vehicle service hours, (i) vehicle service miles, and (j) vehicle service hours per employee.	99247	Y	CCTA generally follows the definitions of performance measures as indicated in the TDA Guidebook.

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SECTION II (CONTINUED)

Operator Compliance Requirements (Continued)

	Requirement	PUC Reference	Y/N	Comments
(8)	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 RTPE.	99268.1, 99268.2, 99268.3	N/A	CCTA serves only rural areas.
(9)	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).	99268.2, 99268.4, 99268.5	Y Y Y	The fare ratio requirement during the audit period was 10 percent. The Agency's fare ratios using audited data are as follows: FY 2009: 11.58% FY 2010: 10.26% FY 2011: 11.32%
(10)	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 RTPE which will fully fund the retirement system within 40 years.	99271	Y	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.
(11)	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)	Y Y Y	CCTA utilizes federal funds that are available to the agency, as reported in the annual State Controller reports. FY 2009: Operations \$79,886 FY 2010: Operations \$84,472 FY 2011: Operations \$77,415

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SECTION III

Prior Triennial Performance Audit Recommendations

This section reviews and evaluates the implementation of prior Triennial Performance Audit recommendations. This objective assessment provides assurance the CCTA has made quantifiable progress toward improving the efficiency and effectiveness of its public transit program.

2008-1 State Controller's Report

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

Status: Implemented

2008-2 Annual Audit Report

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.

Status: Partially Implemented

2008-3 Full-time Equivalent Employee

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.

Status: Basis Noted

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 table. 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 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Operating cost	\$ 917,190	\$ 980,844	\$ 975,433
Total passengers	52,832	47,275	51,306
Vehicle service hours	10,217	10,109	11,065
Vehicle service miles	174,240	163,759	187,423
Employee FTE's**	10.0	11.00	11.00
Passenger fares	\$ 94,610	\$ 89,970	\$ 98,912
Operating cost per passenger	\$ 17.36	\$ 20.75	\$ 19.01
Operating cost per vehicle service hour	\$ 89.77	\$ 97.03	\$ 88.15
Passengers per vehicle service hour	5.17	4.68	4.64
Passengers per vehicle service mile	0.30	0.29	0.27
Vehicle service hours per employee	1,021.70	919.00	1,005.91
Fare recovery ratio***	11.58%	10.26%	11.32%

*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 and insurance continue to increase while wages and benefits have decreased in FY 2011 due to the retirement of one employee. Also, operating costs have grown faster than fare revenues which causes the farebox ratio to decrease. However, in FY 2011, we see an increase in the fare box ratio due to the decrease in salaries and wages.

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

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SECTION V (CONTINUED)

Review of Operator Functions (Continued)

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.

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 other than the goals set in the Regional Transportation Plan. 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 holds 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 on the Yuba City route are conducted. In addition, CCTA conducts surveys of riders using the medical transport service and senior nutrition center riders. CCTA has not conducted surveys of the general public.

C. Scheduling, Dispatch, and Operations

CCTA is a small organization with one Transit Manager, an Operations Supervisor, a lead Transit Specialist, a mechanic, six full-time drivers and one part-time driver. 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.

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SECTION V (CONTINUED)

Review of Operator Functions (Continued)

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.

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.countyofcolusa.org. 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.

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SECTION V (CONTINUED)

Review of Operator Functions (Continued)

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

2011-1 Annual Audit Report

Condition

We noted that the annual fiscal and compliance audit report for June 30, 2009 was 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 not submitted within 180 days following the end of the fiscal year, however, if they had requested a 90 day extension, the reports would have been considered timely.

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 year June 30, 2009.

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.

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SECTION VI (CONTINUED)

Findings and Recommendations (Continued)

2011-1 Annual Audit Report (Continued)

Corrective Action Plan

We recognize that we neglected to request a 90-day extension in order to submit the annual fiscal and compliance audit for June 30, 2009. Since that time, we have requested the allowable 90-day extension for the subsequent fiscal years and will continue to do so in future years when needed.