



**Sunset Empire Transportation District
BUDGET COMMITTEE MEETING
FISCAL YEAR 2023-2024
JUNE 16, 2023, MEETING MINUTES**

10:00 AM

Astoria Transit Center, 900 Marine Drive Astoria, OR

1. CALL TO ORDER

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL:

Board Members: Chair Debbie Boothe-Schmidt, Secretary/Treasurer Diana Nino, Commissioner Pamela Alegria, Commissioner Rebecca Read. Excused: Commissioner Charles Withers, Commissioner Guillermo Romero, and Commissioner Tracy MacDonald

Budget Committee Citizen Members- Chair Tita Montero, Christine Lolich, Mary Ann Brandon, Melinda Ward, and Paul Putkey Excused: John Lansing and Clark Powers

Staff- Interim Executive Director Paul Lewicki, Finance Officer Kelly Smith, Chief Operations Officer Jennifer Geisler, Executive Assistant Mary Parker, Mobility Manager Jason Jones

Arla Miller, ODOT Regional Representative

Chair Montero clarified that public comments would be taken during the public comment time of the meeting and not through chat on Zoom.

4. APPROVAL OF MAY 24th and JUNE 7TH BUDGET COMMITTEE MEETING MINUTES

June 7, 2023 Budget Meeting Minutes

Chair Debbie Boothe-Schmidt moved to approve the June 7, 2023, Budget Committee

Diana Nino seconded the motion

Discussion Kelly said she had a couple of spelling errors she will give to Mary.

Motion passed Unanimously

May 24, 2023, Budget Meeting Minutes

Commissioner Read moved to approve the May 24, 2023, corrected Budget Committee Minutes

Chair Debbie Boothe-Schmidt seconded the motion

Discussion -None

Motion passed unanimously

Request: Chair Tita Montero reported that the Budget Committee had requested copies of several years of the SETD P & L reports at the first meeting and were to receive them at the second meeting and we have not received them at all. Tita added that even though the Budget Committee will be coming to a close, she would still like to have the reports that were requested. Interim Executive Director Lewicki said they would see that they go out. Tita requested they receive P & L reports from the past 2 years.

5. BUDGET OFFICER UPDATE- Chair Tita Montero said that Mindy Ward had several questions about the previous year's numbers at the last meeting due to the lines not matching and asked if those had been corrected. Kelly said they were corrected.

Board Chair Debbie Boothe-Schmidt read an overview that John Dreeszen, the Executive Director of Columbia County Rider Transit had submitted. Debbie explained that John has been assisting staff with financial reporting. John pointed out that it is clear, and this was echoed by the SETD auditor that the migration from QuickBooks to Accufund was executed very poorly, and since the migration, post audit adjusting entries recommended by the auditor do not appear to have been made which has not only resulted in "wacky" financial statements but has also complicated and delayed annual audits ever since. Debbie said that John will continue to work with SETD and try to find where these discrepancies are.

Chair Montero said that if this was from 2021, she would suspect that the audit report has been given to the Board, and asked if that kind of comment was part of the audit report? Kelly said no it was not. Tita said then the Auditor did not do his job right. Paul Putkey commented that

we have left Quick Books to go to a more complicated program, but it won't do everything we need. There was further discussion about the last SETD audit report and Kelly said that the auditor started to realize that what had been done previously wasn't done correctly and that is why the audit took so long. Kelly said the auditor went back through and made adjustments that should have corrected the problem, but John said it does not appear that it did. Kelly also said John had a conversation with the auditor and John is now going to go back to square one and see what was in QuickBooks in the year 2020 and what rolled over into Accufund and then bring it forward.

Chair Montero asked if the auditor gave a list of the problems. Diana said we knew that there were issues but never got an itemized description. Christine Lolich commented that she did not know who did the Audit, but said it would behoove everybody and the system to go back and have somebody else re-audit to see if there's something else that's wrong. Tita said that we can hope the ODOT forensic audit may shed more light on this. Paul Putkey added that the forensic audit will show what went where. Tita said the forensic audit will probably only go back to last year not four years. Paul Putkey also said we all would like to know what has happened, but it will take time to unwind going from one software program to another software program.

6. DISCUSSION OF FUNDS- Chair Montero said the budget document that we have received has the changes highlighted on it, and asked if there were any questions.

Mindy Ward said she has all 3 sheets from the last 2 meetings and this one in front of me and under historical data under actual why has the first preceding column changed from the actual figures to the proposed budget for 22-23 and on the resources page the historical data page the historical data columns on the left the first preceding year 2021 2022 the figures have now changed to the adopted budget instead of the actual figures. There was discussion about why the changes were made and further changes that needed to be made. Chair Montero said if you look at the second column first preceding year 2021-2022 the header above that is actuals and that should not be the improved budget figures that should be what was actually income and expended during that year. Kelly said that is what she had put in previously and Mindy questioned it as different than what was on last year's budget, so she updated it to what was on the form of the last year's budgets. Mindy said they do not match that either and you have

put in the adopted budget rather than the actual spent and some of the columns figures have changed but not all of them. Mindy said you have it at \$7,191,759 instead of \$4,349,665, you put in the actual that we had adopted as a budget rather than what actually was spent, and that is not a budget column. There was further discussion and Interim Executive Director Lewicki explained this was the first time he and Kelly have done a complete budget and we cannot change this while we're having the discussion. After further discussion, Chair Montero explained that Kelly could not make the changes needed in a couple minutes however, Tita added that what she sees is that we have two sides of this budget document, the side that reflects the past and the side that predicts or sets the goals for the future and while they're not unrelated they're not totally related. Tita explained that the committee is looking at the past for what's been the experience and what we can take from that to help us figure out what we want to put into the future, but what we are really passing is a budget and we can pass the budget and instruct that the historical data on the budget document be corrected to reflect reality.

Paul Putkey said that the minutes say we will be paying back \$38,000 per quarter over the next four years but on page seven you have the ODOT loan principal interest at \$309,168. Paul asked if there was more than one loan. Kelly said yes, there are 2 \$505,000 line of credit loans, but our intention is not to use the entire line of credit. Kelly explained each loan is for \$505,000 but one loan for \$505,000 is still left with ODOT, so SETD not pay on it until it is taken out.

Tita reviewed the budget changes of the increase in FTE's to 15 and the audit expense increase of \$4000, and the meeting expense increase to \$500 and that these changes are also correct in the activity report on the next page. There were comments but no further changes on pages 2, 3 and 4. Tita reported the total for the Allocated General Fund is \$2,526,720.

Chair Montero reviewed the Requirement Summary, Not Allocated, on Page 5, pointing out that on line 15 is the ODOT loan of \$310,000 and at the bottom of the page the operating contingency of \$415,088 and then there is the ending fund balance of \$725,088. Tita also reminded the committee that the Budget Committee had made a motion that nothing would come out of contingency without Board permission and Chair Montero added that in this

budget, there is nothing in reserve for FY 24-25, so we are going with operating contingency and no unappropriated ending balance.

Chair Montero said page 6 was zeroed out and page 7 lists the STIF money and the resources of \$876,192 that SETD will receive and the fund transfer of \$111, 434 which will go to operations and \$455,590 will go to match and \$309,158 transfers to the ODOT loan principal and interest.

Chair Montero said the Resources and Requirements balance is \$876,192 total. There was further discussion clarifying that the loan payback to ODOT will take 4 years. There was also discussion about SETD receiving funds that were held back while the forensic audit is being completed.

Chair Montero said page 8 has been zeroed out and Kelly clarified that it was the Discretionary Fund.

Chair Montero also said page 9 is the Capital Reserve Fund and it is all zeroed out.

Chair Montero reviewed that the historical data portion of the budget will be corrected.

Commissioner Read moved to approve the SETD 2024-2025 Budget of \$3,251,808 and Commissioner Boothe-Schmidt seconded the motion

Discussion- Chair Montero asked Commissioner Read to take her original motion off the table for correction.

Commissioner Read requested her original motion be taken off the table.

Chair Montero again noted that the approval of the budget does not include the historical data that will be corrected by staff.

Commissioner Read moved that the Budget Committee approve the Sunset Empire Transportation District budget for the 2023-2024 fiscal year and the amount of \$3,251,808.

Commissioner Debbie Boothe-Schmidt seconded the motion

Discussion- None

Motion passed unanimously

Commissioner Boothe-Schmidt moved to approve that the SETD Board of Commissioner's adopt taxes for the 2023-2024 fiscal year at 16.2 % per thousand dollars of the assessed value for the permanent tax levy.

Commissioner Nino seconded he motion

Discussion- None

Motion passed unanimously

8. Public Comment- None

9. Good of the Order- Chair Montero asked the Budget Committee for their comments.

Commissioner Rebecca Read: Thanked everyone for the hard work that has gone into this and under tuff circumstances and thanked everyone for their efforts and said we came to a good conclusion.

Mary Ann Brandon- Commented that this kind of taxed my math skills last week but feel more comfortable and confident.

Commissioner Debbie Boothe-Schmidt- Thanked the members of the budget committee and the staff for their work this year on the district's budget and said this has been a very challenging time for our community but we are making good progress and getting service back for our riders and appreciate their patience and support. Commissioner Boothe-Schmidt added that we have a lot of work to finish but with dedication and focus we will make SETD and even better organization to serve the needs of our citizens.

Commissioner Diana Nino- Thanked the members of the committee and thanked Tita for guiding us through this process and being very organized and focused. Commissioner Nino thanked the staff for doing the best that they could do to move us forward.

Commissioner Nino asked about the difficulty of reviewing the Budget minutes one year later and wondered if there had been a decision. Commissioner Boothe-Schmidt commented that if we reviewed the minutes earlier it would also be another bord or

meeting with minutes and then there would be more minutes for that meeting and also added that the meeting is recorded and can be reviewed before we come back next year.

Paul Putkey- Thanked the staff for putting up with us and thanked everybody that had attended.

Christine Lalich- It has been a good learning experience for the staff so going forward hopefully things will line up correctly.

Chair Tita Montero- Commented that this has been a longer than normal process for Sunset Empire Transportation to go through and said she felt confident that we have looked at everything for next year that is in this budget carefully. Tita also said that we are not thrilled with the results we have to cut service for the incoming year. Tita asked the board to consider reconvening the budget committee at least once in the upcoming year to review especially if there's any major changes and asked that the budget committee tune into the board meetings at least for the financial reports. Tita said she felt remiss that she had not done that for the past year. Tita said she felt the budget committee is here to advise the board and also to be a bit of a watchdog and said she would definitely be paying attention to that. Tita thanked everyone for their time and going the extra mile and putting up with her.

Mindy Ward- Commented that she is still flabbergasted that the proceeding years actual figures keep changing on the document and said it makes her wonder. Mindy said she would like a copy of the one that we are going to fix and would like to see the P&L statements for the last 3-5 years. Mindy said she would like a copy of the General Fund with the preceding year actual figures please.

Chair Montero requested that all on the Budget Committee receive a copy of that document as most of us keep those records.

Interim Executive Director Paul Lewicki commented that this has been grueling and, in some ways, not a pleasant experience, however Paul said it was probably the best Budget Committee meeting that he has seen in his 10 years associated with the district. Paul said he learned a lot, but he had a lot to learn, and he was impressed by the

sincerity that everyone on the committee had and getting to the bottom line and understanding what each line meant and holding staff accountable for what we presented here. Paul said this was a real exercise, but the deliverable is something we can all feel comfortable about. Paul added that we will fix the historical reports, but the column that makes the difference he can stand on, and is sure Kelly can, and he hoped the committee felt the same.

10. Chair Tita Montero adjourned the meeting at 10:56 AM