



**Board of Directors
Regular Meeting Agenda**

September 26, 2018

1:30 PM

Fort Bragg

**Diana Stuart Fort Bragg Division
190 East Spruce
Conference Room**

Video-Conferenced with:

Ukiah

**Ukiah Valley Conference Center
200 South School Street
Chenin Blanc Room**

AGENDA ITEMS

1. Call to Order:

Public Comment: Anyone is welcome to attend MTA Board meetings to address items that are on the agenda, or to bring other transit related matters to the attention of the Board. The time limit is 3 minutes per speaker.

CONSENT CALENDAR

- | | | |
|----|---|---|
| 2. | Minutes of June 27, 2018 Board Meeting
<u>Information</u> | 1 |
| 3. | Service Performance Report: July, 2018 / August, 2018
<u>Information</u> | 4 |
| 4. | Financial Report:
<u>Information:</u> Report to be Presented during regular Meeting | - |
| 5. | Board Meeting Dates and Locations
<u>Information</u> | 6 |
| 6. | Capital Program: Update/Progress Report
<u>Information</u> | 7 |

ACTION & DISCUSSION

- | | | |
|--|------|----|
| 7. Unmet Needs | 10 | |
| <u>Action:</u> Solicit Public Input | | |
| 8. FY 2016/17 Fiscal and Compliance Audit/Single Audit | 11 | |
| <u>Action:</u> Discussion, review and accept audits | | |
| 9. Finance Report
Information | 46 | |
| 10. State of Good Repair (SB1) | 47 | |
| <u>Action:</u> Review and approve Resolution #2018-09 | | |
| 11. MTA Special Events Schedule | | |
| <u>Action:</u> Approve addition of MTA Annual Special Events Schedule | | 49 |
| 12. Revision of FY 18/19 Capital Budget | 52 | |
| <u>Action:</u> Review and approve Resolution #2018-10 , Revision of MTA FY18/19 Capital Budget | | |
| 13. Management Reports | oral | |
| 14. Matters from Directors | oral | |

ADJOURN Anticipated adjournment is 3:30 pm

Americans With Disabilities Act (ADA) Compliance

The Mendocino Transit Authority complies with ADA requirements and, upon request, will attempt to reasonably accommodate individuals with disabilities by making meeting material available in appropriate alternative formats (pursuant to Government Code Section 54953.2). Anyone requiring reasonable Interpreter services are available for the meeting by calling 707-462-5765, with seven (7) day advance notice.

**Mendocino Transit Authority
Board of Directors Meeting
July 25, 2018
1:30 p.m.**

MINUTES

Meeting Location Willits City Hall Conference Room
111 E. Commercial Street, Willits, CA 95490

CALL TO ORDER

1. **Chair Mastin** called the meeting to order at 1:30 p.m.

ROLL CALL:

Directors Present: Chair Mastin, Peters, Gjerde, Tarbell, Scalmanini, Rodriguez

Directors Absent: Cross

Staff Present: Carla Meyer, General Manager
Jacob King, Operations Manager
Bob Butler, Maintenance Manager
John Pegan, Human Resource Manager
Mark Harvey, Finance Manager
Debra Dockins, Recording Secretary

Others: Two members of the public were present.

PUBLIC COMMENT

Willits resident, Mickey Hawkins, expressed her concern about the removal of benches from several established stops in Willits and requested the addition of a Bus Stop at the senior housing complex on Alder Street. The Board advised the local businesses had required MTA to remove the benches, due to transient and garbage issues. Staff will contact the businesses to determine if they would allow the placement of a vandal resistant bench.

CONSENT CALENDAR

2. **Minutes of June 27, 2018**
3. **Service Performance Report: July 2017 - June 2018**
4. **Financial Report**

5. Board Meeting Dates and Locations

6. Capital Program: Update and Progress Report

The financial report, item 4, was pulled from the consent calendar and placed under Action and Discussion as item 7b. The Board requested item number 5, Board Meeting Dates and Location be updated every six months.

Upon Motion by **Director Rodriguez** and seconded by **Director Tarbell** Consent Calendar items 2 through 6 were accepted as presented by roll call vote:

AYES: Mastin, Peters, Gjerde, Tarbell, Scalmanini, Rodriguez
NO: None
ABSTAIN: None
ABSENT: Cross

ACTION & DISCUSSION

7. a. Unmet Transit Needs

Director Peters reported the Skunk Train is applying for grants to restore passenger service between Willits and Fort Bragg, the Board authorized General Manager Carla Meyer to pen and submit a support letter as needed. Director Gjerde reported fire evacuees are requesting MTA to provide service to the Lake Mendocino Campground. Staff will arrange a meeting with Office of Emergency Services (OES) to discuss scheduling needs of the fire evacuees.

b. Financial Report:

CFO Mark Harvey reported the audit is scheduled for 08/29/18 - 08/31/18. Staff may need to request a brief extension of the State Controllers Report which is due 10/15/18.

Upon Motion by **Director Peters** and seconded by **Director Tarbell** the Financial Report was accepted as presented, by roll call vote:

AYES: Mastin, Peters, Scalmanini, Rodriguez, Gjerde, Tarbell
NO: None
ABSTAIN: None
ABSENT: Cross

8. Management Reports

Human Resources Director, John Pegan: Reported that recruitment is continuing for the Transit Vehicle Operator position and noted that staff is conducting outreach on social media.

Maintenance Manager Bob Butler: Reported he has been in contact with Ghilotti Construction regarding the amount of dirt/dust accumulated at the MTA site, and they agreed to a one-time cleaning. He reported a recent rash of thefts of the solar panels and lights from the inland bus stop shelters. Regarding the stop at Costco, he added that while Costco had agreed to supply electric power, they will instead be supplying solar power. Chair Mastin recommended the installation of a camera to capture images or deter theft of the solar panels and lights.

Operations Manager Jacob King: Reported the new Costco stop is experiencing some issues with deliver trucks parking in the roadway. He is working with Costco management to clear up this public safety concern.

General Manager Carla Meyer: reported that Bob Butler has been nominated for the California Transit Authority, Small Operator Distinguished Service Award. She is continuing to work on a highly competitive grant application. She advised there will be an all staff training day, November 12th, 2018.

9. Matters from Directors

Director Tarbell thanked staff for their performance at the Fort Bragg Salmon Barbeque event. He also requested that Directors return the questionnaire sent from the Evaluation Committee soon. He concluded by requesting the General Manager Evaluation be added to the Closed Session portion of the August Meeting Agenda.

Director Rodriguez thanked Staff for the trolley service during the Willits 4th of July festivities.

Chair Mastin adjourned the meeting at 2:21p.m.

Jim Mastin, Chair

Debra Dockins, Recording Secretary



FY 18-19 RIDERSHIP PERFORMANCE BY ROUTE

AGENDA ITEM #3

	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	2016-19 YTD	2017-18 YTD	# Change	% Change
01 - Willis Local	850	877											1727	2266	(539)	-24%
03 - Ukiah - DAR	1219	1290											2509	2160	349	16%
04 - Fort Bragg - DAR	1185	1299											2484	1847	637	34%
05 - Bragg/About	1269	1542											2811	3069	(258)	-8%
07 - Jitney	267	295											562	341	221	65%
08 - Ukiah Evening	799	1016											1815	1482	333	22%
09 - Ukiah Local	9199	10377											19576	18935	641	3%
20 - Willis - Ukiah	2263	2437											4700	5309	(609)	-11%
60 - Coaster	826	932											1758	1793	(35)	-2%
64 - Ukiah to Fort Bragg	449	475											924	879	45	5%
65 - CC Rider	1026	1020											2046	2065	(19)	-1%
65A - New Route 65	666	815											1481	1359	122	9%
74 - Saturday Guiala-Ukiah	101	76											177	184	(7)	-4%
75 - M-F Guiala to Ukiah	669	748											1417	1132	285	25%
95 - Pt. Arena to Santa Rosa	659	512											1171	991	180	18%
97 - Redwood Coast Regional	223	273											496	560	(64)	-11%
Monthly Totals	21670	23984											45654	44372	1,282	3%



FY 17-18 RIDERSHIP PERFORMANCE BY ROUTE

	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	2017-18 YTD	2016-17 YTD	# Change	% Change
01 - Willis Local	978	1288												2266		
03 - Ukiah - DAR	1450	710												2160		
04 - Fort Bragg - DAR	1142	705												1847		
05 - Bragg>About	1478	1591												3069		
07 - Jitney	126	215												341		
08 - Ukiah Evening	621	861												1482		
09 - Ukiah Local	9145	9790												18935		
20 - Willis - Ukiah	2274	3035												5309		
60 - Coaster	935	858												1793		
64 - Ukiah to Fort Bragg	390	489												879		
65 - CC Rider	1083	982												2065		
65A - New Route 65	636	723												1359		
74 - Saturday Guialala-Ukiah	106	78												184		
75 - M-F Guialala to Ukiah	483	649												1132		
95 - Pt. Arena to Santa Rosa	482	509												991		
97 - Redwood Coast Regional	260	300												560		
Monthly Totals	21589	22783	0	0	0	0	0	0	0	0	0	0	0	44372	0	0



Board of Directors Meeting Schedule

Last Wednesday of every month - 1st Wednesday of the month in December

Subject to Change

Date	Time	Location	Video Conference With	Major Agenda Items
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2018

July	25	1:30	Willits	only	2018/19 Transit Needs: Willits
August	29	4:30	Point Arena	only	<i>Cancelled - Lack of Quorum</i> 2018/19 Transit Needs: Point Arena
September	26	1:30	Fort Bragg	Ukiah	2018/19 Transit Needs: Fort Bragg
October	31	1:30	Ukiah	Fort Bragg	2018/19 Transit Needs: Ukiah
November	no meeting scheduled				
December	5	1:30	Ukiah	Fort Bragg	2018/19 Transit Needs: Ukiah

2019

January	30	1:30	Fort Bragg	Ukiah	2019/20 Transit Needs: Ft Bragg
February	27	1:30	Willits	only	2019/20 Transit Needs: Willits Initial 2019/20 Budget Discussion
March	27	1:30	Ukiah	Fort Bragg	2019/20 Transit Needs: Ukiah DRAFT 2019/20 Budget & Claim
April	24	1:30	Point Arena	only	2019/20 Transit Needs: Point Arena
May	29	1:30	Fort Bragg	Ukiah	General Manager Evaluation General Manager Contract
June	26	1:30	Ukiah	Fort Bragg	FINAL 2019/20 Budget

To: MTA Board of Directors
From: Carla Meyer, General Manager
Date: September 26, 2018
Subj: Capital Program: Progress Report

This report is consistent with the capital budget dated June 2018/19

2017-18 Projects Cont.

RouteMatch Fixed Route GPS Dispatching Software

\$268,613

Action: **7-25-17:** The MCOG Board of Directors unanimously voted to provide one-time excess LTF funds in the amount of \$380,000 to supplement the MTA purchase of Fixed Route AVL.

8-10-17: Contract for MTA and RouteMatch signed, project commences. Hopeful operational date within 120 days.

9-20-17: RouteMatch Fixed Route AVL, Push to Talk Kickoff meeting completed; RouteMatch staff to arrive at MTA second week in October for initial fleet assessment and installation process begins.

10-12-17: RouteMatch staff on-site for fleet assessment and data entry for fixed route assessment.

6-26-17: Project presented to the MCOG Transit Performance Committee for review and comment. Sent on to MCOG for approval of use of one-time excess LTF funds for purchase of RouteMatch AVL and Push to Talk software which will eliminate the need for continued work with Fisher Communications.

Jan./Feb 18: MTA was contacted by Fisher Wireless who has now updated to digital radio. In review of their proposal and learning that the RouteMatch Push to Talk was still a prototype program, MTA contracted with Fisher Wireless to install digital radio's in the fleet. The installation is completed, the reception is exceptional. The remaining decision on radio consoles replacement will be forthcoming upon review of cost savings and discussion with the MCOG. However final design on the fare methodology has been agreed to and installation of the GPS and tablets for fixed route is scheduled for early March, 2018.

March 28, 2018: Due to delay in tablet installation, RouteMatch fixed route database development, MTA is not expected to go "live" in April, 2018.

May 30, 2018: Ongoing install issues with RouteMatch has pushed the RouteShout "Go Live" date out until resolution of all issues involved.

June 20, 2018: New server install at RouteMatch this weekend, freeing up additional space for MTA. In the interim, we are experiencing significant system stability.

July/August 2018: RouteMatch staff in conjunction with MTA staff worked to resolve remaining stability issues with system. System stability increased significantly.

September 13, 2018: Conference call with MTA staff and RouteMatch staff resolving few remaining issues. Next step in Sept/Oct. will be the development and 'Go Live' for passenger amenity 'RouteShout'.

September 17, 2018: GM conference call with Teague Kirkpatrick from

RouteMatch to complete final change order and finalize for payment.

Managed IT Care

\$80,437

Action: The MTA IT system was currently developed by in-house staff and local vendors. The original server is at maximum capacity is now being backed up by an external hard drive. Estimated 6 months longevity. Through application for Prop 1B Safety and Security funds, MTA has contracted for a complete revamp of the IT network to include non-existing firewalls, off-site backup of data and utilization of fiber optic.

Problems: Awaiting MCOG Board Resolution approval for access to the funds on October 2, 2017, delaying implementation. However, with the project already approved, it is hoped that after receipt of the resolution, funding will be expedited.

10-02-17: MCOG Board of Directors approved allocation of Prop1B Safety and Security funds.

10-09-17: Receipt of signed resolutions; grant documents mailed to Cal-OES

Jan 2018: MTA was hit with high tech ransomware and the existing service is shutdown. Decision on the final vendor for the managed care will be decided next week. Unfortunately, due to an error at the State Controller's office arrival of the Cal-OES approved grant funds could be delayed 2 more months. Staff is discussing alternatives and will present to the Board.

March 2018: Three bids have been obtained from IT managed care providers. MTA has selected Comer Technology Group from Chico, CA for the managed care. MTA is still awaiting the delayed Cal-OES approved grant funds from the State Controller's office.

May 30, 2018: Cal-OES funds have arrived, contract with Comer Technology group has been prepared and awaiting final signatures.

June 17, 2018: Contracts signed, first payment installs to Comer Technology. Server on order, estimated 4 weeks to delivery.

August, 2018: Comer Technology installed new server and other necessary equipment. Transition from old server and individual computers begun...project delayed until completion of Finance Audit (just in case)

September, 2018: Installation continued. Expected completion date, October, 2018.

FY 2018/19

Maintenance Fleet Software – Electronic Zonar Pre-Trip Technology

\$80,437

Action: The current maintenance/facilities software utilized is outdated and no longer supported. MTA has received Cal-OES funds to purchase new updated maintenance and facilities tracking software. In addition we will be looking for a maintenance software which interfaces with Zonar Pre-Trip Technology devices. Zonar is a wireless device that scans chips at various locations on a bus in live-time for pre and post trips. The data is stored on the Cloud and is accessible instantly.

September/October 2018: Research maintenance/facilities software programs, request three (3) bids and select. Zonar is sole-source procurement as it is the

only technology vendor of this type.

Dispatch Radio Console Replacement

Action: The current MTA Dispatch consoles are large and outdated. After solicitation of maintenance software and Zonar pre-trip devices, MTA will purchase new digital consoles if budget allows.

Replacement Fixed Route Cutaway Buses (3)

Action: MTA will replace buses 726, 727 and 730, currently in use for fixed route.

Ukiah Senior Center Accessible Mini-Van

Action: MTA will handle procurement process for the Ukiah Senior Center for purchase of one accessible mini-van. This van will be utilized to resolve some of the FY 17-18 unmet needs.

2018-19 UNMET NEEDS REQUESTS

[illegible]

TO: MTA Board of Directors
FROM: Carla Meyer, General Manager
RE: Fiscal and Compliance Audit-Single Audit
DATE: September 26, 2018

As required by the Transit Development Act (TDA) Statutes and California Code of Regulations, PUC 99245, each transportation planning agency, transit board and county transportation commission shall ensure that all claimants to who it directs the allocation of Local Transportation Funds (LTF) shall submit to them an annual certified fiscal audit conducted by an entity other than the claimant.

During August, 2018, the firm of R. J. Ricciardi, Inc., Certified Public Accountants performed the FY 16/17 fiscal and compliance audit for MTA.....

Recommendation: Review, approve and accept FY 16-17 Fiscal and Compliance Audit.

DRAFT

9/21/2018

To be used only for management discussion purposes; engagement is incomplete, this draft is subject to final review and possible revision. Report/Letter date is TENTATIVE-TBD

**MENDOCINO TRANSIT AUTHORITY
BOARD OF DIRECTORS & MANAGEMENT REPORT**

JUNE 30, 2017

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To the Board of Directors
Mendocino Transit Authority
Ukiah, California

In planning and performing our audit of the basic financial statements of Mendocino Transit Authority for the fiscal year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, we do not express an opinion on the effectiveness of Mendocino Transit Authority's internal control.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's basic financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the basic financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, as defined above. We did not identify any deficiencies in internal control that we consider material weaknesses, as defined above.

During our audit, we noted certain matters involving internal controls and other operational matters that are presented for your consideration in this report. We will review the status of these comments during our next engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are not intended to be all-inclusive, but rather represent those matters that we considered worthy of your consideration. Our comments and recommendations are submitted as constructive suggestions to assist you in strengthening controls and procedures; they are not intended to reflect on the honesty or integrity of any employee. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist Mendocino Transit Authority in implementing the recommendations.

This report is intended solely for the information and use of management of Mendocino Transit Authority and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

We thank Mendocino Transit Authority's staff for its cooperation during our audit.

RJ Ricciardi, Inc
Certified Public Accountants

San Rafael, California

To the Board of Directors
Mendocino Transit Authority
Ukiah, California

We have audited the basic financial statements of Mendocino Transit Authority for the year ended June 30, 2017. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 22, 2017, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the basic financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of Mendocino Transit Authority. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Mendocino Transit Authority are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by Mendocino Transit Authority during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop the accounting estimates in determining that it is reasonable in relation to the financial statements taken as a whole. The most sensitive estimates affecting the basic financial statements were:

- Capital asset lives and depreciation expense;
- Accrual and disclosure of compensated absences;
- Actuarial assumptions for pension;
- Fair value of investments and financial instruments

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no material misstatements detected as a result of audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the basic financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter received on DATE.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Mendocino Transit Authority's basic financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Mendocino Transit Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management Discussion and Analysis which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

This report is intended solely for the information and use of management and the Board of Directors of Mendocino Transit Authority and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Mendocino Transit Authority
MANAGEMENT REPORT
For the Year Ended June 30, 2017

Current Year Observations

1) Signature Stamp

Observation:

During the course of the audit we noted the signature stamp for Mendocino Transit Authority (the Authority) checks and County of Mendocino claim forms is in the custody of one of the Authority's accounting clerks. If possible check signers should not have access to the accounting records.

Recommendation:

We recommend that Authority checks and County claim forms be signed by authorized check signers.

Prior Year Observation:

There were no current year observations.

DRAFT

9/21/2018

To be used only for management discussion purposes, engagement is incomplete this draft is subject to final review and possible revision. "Report Letter date is TENTATIVE-TBO"

**MENDOCINO TRANSIT AUTHORITY
UKIAH, CALIFORNIA**

BASIC FINANCIAL STATEMENTS

JUNE 30, 2017

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Mendocino Transit Authority
Ukiah, California

We have audited the accompanying basic financial statements of the business-type activities and the major fund of Mendocino Transit Authority as of June 30, 2017 and for the fiscal year then ended, as listed in the table of contents. These basic financial statements are the responsibility of Mendocino Transit Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the State Controller's Minimum Audit Requirements for California Special Districts. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the major fund of Mendocino Transit Authority, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited Mendocino Transit Authority's 2016 financial statements, and our report dated March 24, 2017 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-6 and the required supplementary information on pages 22-23 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

R. J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
DATE:

Mendocino Transit Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

This section of Mendocino Transit Authority's (the Authority's) basic financial statements presents management's overview and analysis of the financial activities of the organization for the fiscal year ended June 30, 2017. The Authority is a Joint Powers Authority entered into by the County of Mendocino and the four incorporated cities in the County. It administers transportation programs to the public with specialized services for seniors and the disabled. We encourage the reader to consider the information presented here in conjunction with the basic financial statements as a whole.

Introduction to the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's audited financial statements, which are comprised of the basic financial statements prepared in accordance with the accounting principles generally accepted in the United States of America.

The required financial statements include the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Fund Net Position, the Statement of Cash Flows, and the Notes to Basic Financial Statements. All sections must be considered together to obtain a complete understanding of the financial picture of the Authority.

Statement of Net Position

This statement includes all assets and liabilities using the accrual basis of accounting as of the statement date. The difference between the two classifications is represented as "Net Position"; this section of the statement identifies major categories of restrictions on these assets and reflects the overall financial position of the Authority as a whole.

Statement of Revenues, Expenses and Changes in Fund Net Position

This statement presents the revenues earned and the expenses incurred during the year using the accrual basis of accounting. Under accrual basis, all increases or decreases in net position are reported as soon as the underlying event occurs, regardless of the timing of the cash flow. Consequently, revenues and/or expenditures reported during this fiscal year may result in changes to cash flows in a future period.

Statement of Cash Flows

This statement reflects inflows and outflows of cash, summarized by operating, non-capital financing and related financing, capital, and investing activities. The direct method was used to prepare this information, which means that gross rather than net amounts were presented for the year's activities.

Notes to the Financial Statements

This additional information is essential to a full understanding of the data reported in the basic financial statements.

Mendocino Transit Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

Analytical Overview

Table 1
Business-Type Net Position

	2017	2016	2015
Current assets	\$ 3,753,143	\$ 3,222,281	\$ 2,978,053
Capital assets	11,355,400	12,242,979	12,589,477
Total assets	15,108,543	15,465,260	15,567,530
Deferred outflows of resources	526,580	173,914	157,127
Current liabilities	936,748	1,002,563	1,212,721
Long-term liabilities	1,258,942	816,711	983,080
Total liabilities	2,195,690	1,819,274	2,195,801
Deferred inflows of resources	272,116	368,754	394,074
Net position:			
Invested in capital assets	11,355,400	12,242,979	12,589,477
Unrestricted	1,673,282	1,132,002	467,347
Restricted	189,564	78,165	77,252
Total net position	\$ 13,209,246	\$ 13,453,146	\$ 13,134,076

The Authority's governmental net position amounted to \$13,209,246 as of June 30, 2017, a decrease of \$243,900 from 2016. This decrease in the Change in Net Position is reflected in the Statement of Revenues, Expenses and Changes in Fund Net Position. The Authority's net position as of June 30, 2017 comprised the following:

- Cash and investments of \$1,911,975 held with the Mendocino County Treasury.
- Other assets comprised accounts receivables of \$321,536, grants receivables of \$1,320,607, inventory items of \$111,502 and prepaid items of \$28,523.
- Capital assets of \$11,355,400, net of depreciation charges, which include all the Authority's capital assets.
- Accounts payable of \$218,733, and contract payable totaling \$93,597.
- Other liabilities comprise deferred revenue of \$230,766, compensated absences of \$199,228, an accrued liability for self-insurance of \$194,434 and net pension liability of \$1,258,942.
- Net position invested in capital assets of \$11,355,400, representing the Authority's investment in capital assets.
- Restricted net position totaling \$7,651 may only be used for specialized transportation program services.
- Unrestricted net position, the part of net position that can be used to finance day-to-day operations and capital without constraints established by debt covenants or other legal requirements or restrictions. The Authority had \$1,673,282 of unrestricted net position as of June 30, 2017.

Mendocino Transit Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

Summary

Total assets of the Authority have decreased this year by \$356,717. This classification is comprised of Current Assets, which increased by \$530,862 and Property, Plant, and Equipment, which decreased overall by \$887,579.

Liabilities have increased this year, in this case by \$376,416, mainly as the result of the increase in the net pension liability as required by GASB Statement No. 68.

Unrestricted Net Position has increased by \$721,844. The overall change to Net Position is a decrease of \$243,900, resulting in a June 30, 2017 balance of \$13,209,246.

Comparative Analysis of Current and Prior Year Activities and Balances

Table 2
Changes in Net Position

	6/30/17	6/30/16	06/30/15	Increase (Decrease) between 2017-2016	
Operating revenues	\$ 815,614	\$ 889,048	\$ 841,344	\$ (73,434)	Note 1
Operating expenses	5,765,419	5,667,879	5,767,572	404,540	Note 2
Net operating income	\$ (4,949,805)	\$ (4,471,831)	\$ (4,926,228)	\$ (477,924)	
Non operating revenues (expenses)	\$ 4,689,220	\$ 4,697,201	\$ 4,219,179	\$ (100,981)	Note 3

As Table 2 above shows, \$815,614, or 15% of the Authority's fiscal year 2017 revenue, came from operating revenues which consisted of fares, contract services charges, advertisements, and Sonoma County participation, and \$4,689,220, or 85%, came from non operating revenues such as local transportation funds, capital grants and planning grants.

Note 1 - The decrease in operating revenues related to the decrease in fares.

Note 2 - This increase in operating expenses relates to increase associated with administration and transportation costs.

Note 3 - The non operating revenues (expenses) decrease was related to a decrease in capital grants.

Capital Assets

As of June 30, 2017, the Authority's investment in capital assets was \$11,355,400 (net of accumulated depreciation). The Authority added \$262,606 of facilities, vehicles and equipment in fiscal year 2017. Additional information on the Authority's capital assets can be found in Note 4 in the Notes to the Basic Financial Statements.

Debt Administration

The Authority does not utilize long-term debt to fund operations or growth.

Mendocino Transit Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

Economic Outlook and Major Initiatives

Financial planning is based on specific assumptions from recent trends, State of California economic forecasts and historical growth patterns in the communities served by the Authority.

The economic condition of the Authority as it appears on the balance sheet reflects financial stability. The Authority will continue to maintain a watchful eye over expenditures and remain committed to sound fiscal management practices to deliver the highest quality of service to the citizens of the area.

Contacting the Authority's Financial Management

This set of Basic Financial Statements is intended to provide citizens, taxpayers, and creditors with a general overview of the Authority's finances. Questions about this report should be directed to Mendocino Transit Authority, 241 Plant Road, Ukiah, CA 95482.

Mendocino Transit Authority
STATEMENTS OF NET POSITION
 Proprietary Fund - Enterprise
 June 30, 2017
 (With Comparative Totals as of June 30, 2016)

<u>ASSETS</u>	2017	2016
Current assets:		
Cash and investments	\$ 1,790,411	\$ 1,801,923
Restricted cash and investments	180,564	353,317
Accounts receivable	321,536	282,158
Grants receivable	1,320,607	509,657
Inventories	111,502	67,683
Prepaid items	28,523	20,541
Total current assets	<u>3,753,143</u>	<u>3,227,281</u>
Capital assets:		
Non depreciable	360,782	360,782
Depreciable, net of accumulated depreciation	10,994,618	11,882,197
Total assets	<u>15,108,543</u>	<u>15,465,260</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred outflows of resources	<u>526,589</u>	<u>175,914</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	218,733	162,383
Contracts payable	93,597	93,597
Deferred revenue	230,756	283,443
Compensated absences	199,238	235,173
Accrued liability for self insurance	194,434	227,767
Total current liabilities	<u>936,758</u>	<u>1,002,363</u>
Long-term liabilities:		
Net pension liability	<u>1,258,942</u>	<u>816,711</u>
Total liabilities	<u>2,195,690</u>	<u>1,819,274</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred inflows of resources	<u>230,187</u>	<u>368,754</u>
<u>NET POSITION</u>		
Invested in capital assets	11,355,400	12,242,979
Restricted for specialized services	180,564	78,165
Unrestricted	<u>1,673,282</u>	<u>1,132,002</u>
Total net position	<u>\$ 13,209,246</u>	<u>\$ 13,453,146</u>

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

Mendocino Transit Authority
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
 Proprietary Fund - Enterprise
 For the Year Ended June 30, 2017
 (With Comparative Totals for the Year Ended June 30, 2016)

	2017	2016
Operating revenues:		
Fares	\$ 540,094	\$ 608,560
Nonpublic service contract	76,588	67,512
Charters	9,731	52,301
Advertisements	-	7,810
Sonoma County participation	189,201	152,875
Total revenues	<u>815,614</u>	<u>889,058</u>
Operating expenses:		
Transportation	2,828,982	2,491,634
Transportation - specialized	390,945	308,112
Maintenance	603,231	488,739
Administrative and overhead	789,886	723,879
Mobility management	2,190	11,268
Depreciation	1,450,185	1,137,317
Total operating expenses	<u>5,765,419</u>	<u>5,360,879</u>
Operating income (loss)	<u>(4,949,805)</u>	<u>(4,471,821)</u>
Non operating revenues (expenses)		
Local transportation fund	2,549,564	2,398,518
Local transportation fund - specialized	426,894	462,360
State transit assistance	175,000	175,000
Operating grants	1,166,734	631,245
Capital grants	240,126	964,631
Planning grants	34,908	10,785
Senior center revenue	2,910	33,900
Interest income	6,793	3,184
Other income	62,866	833
Local transit reserve	-	78,893
Maintenance labor	40,110	39,052
Total non-operating revenues (expenses)	<u>4,705,905</u>	<u>4,790,201</u>
Change in net position	<u>(243,900)</u>	<u>318,370</u>
Net position - beginning of period	13,453,146	13,134,776
Net position - beginning of period restated	13,453,146	13,134,776
Net position - end of period	<u>\$ 13,209,246</u>	<u>\$ 13,453,146</u>

The accompanying notes are an integral part of these financial statements

Mendocino Transit Authority
STATEMENTS OF CASH FLOWS
 Proprietary Fund - Enterprise
 For the Year Ended June 30, 2017
 (With Comparative Totals for the Year Ended June 30, 2016)

	2017	2016
Cash flows from operating activities		
Receipts from customers	\$ 815,674	\$ 889,728
Payments to suppliers	(2,603,949)	(3,884,844)
Payments to employees	(1,590,931)	(2,883,351)
Net cash provided (used) by operating activities	(3,377,236)	(3,879,097)
Cash flows from noncapital financing activities		
Fuel transportation funds	2,976,458	2,954,275
Operating grants	316,466	695,111
State transit assistance	175,400	175,400
Planning grants	34,908	10,785
Schedule contract revenue	29,000	25,900
Other grants	67,866	833
Maintenance labor	40,110	39,052
Net cash provided (used) by noncapital financing activities	3,608,638	3,906,256
Cash flows from capital and related financing activities		
Capital interest revenue		76,873
Schedule contract capital outlay	(240,126)	(264,631)
Purchases of fixed assets	(262,606)	(791,819)
Net cash provided (used) by capital and related financing activities	(222,482)	(239,715)
Cash flows from investing activities		
Interest earned	6,793	3,184
Net cash provided by investing activities	6,793	3,184
Net increase (decrease) in cash and cash equivalents	(22,480)	(277,718)
Cash and cash equivalents - beginning of period	2,155,240	(1,871,992)
Cash and cash equivalents - end of period	\$ 1,970,975	\$ 2,155,240
Reconciliation of operating results (loss) to net cash provided (used) by operating activities		
Operating results (loss)	\$ (4,249,805)	\$ (4,471,851)
Adjustments to reconcile operating results (loss) to net cash provided by operating activities		
Depreciation	1,131,085	1,137,317
Changes in certain assets and liabilities		
Inventories	(43,817)	11,491
Prepaid costs	179,918	(1,837)
Deferred revenue	(52,687)	(48,300)
Accounts payable and accruals	56,150	(386,499)
Accrued liability for self-insurance	(33,333)	4,479
Deferred outflows	(350,666)	(18,790)
Deferred inflows	(138,507)	(25,320)
Net pension liability	442,231	(66,369)
Compensated absences	(35,945)	(39,738)
Total adjustments	1,172,569	592,734
Net cash provided (used) by operating activities	\$ (3,777,236)	\$ (3,879,097)
Cash and investments	\$ 1,790,411	\$ 1,801,923
Restricted cash and investments with fiscal agent	180,563	353,317
Total cash and cash equivalents	\$ 1,970,975	\$ 2,155,240

The accompanying notes are an integral part of these financial statements

Mendocino Transit Authority
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 ORGANIZATION

A Reporting Entity

Mendocino Transit Authority (the Authority) was formed as a pilot project in January 1975, through a Joint Powers Agreement entered into by the County of Mendocino (the County) and the four incorporated cities in the County. In April 1976, the Authority began the pilot program with five 23-passenger buses and on July 1, 1979 was established as a permanent program through a new Joint Powers Agreement. The Authority also administers five senior transportation programs that can be open to the public, but with priority for seniors and handicapped. The Specialized Transportation Services and the General Public Transportation Services are accounted for as separate operating branches of the Authority due to their different fare ratio requirements and methods of providing services. The Specialized Transportation Services are provided under contracts, while the General Public Transportation is a transit operation.

In accordance with Section 6680 of Article 7 of the Transportation Development Act, the Authority has been designated Consolidated Transportation Service Agency by Mendocino Council of Governments in accordance with the action plan adopted pursuant to Section 15975 of the Government Code.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A Basis of Presentation and Accounting

The activities of the Authority are accounted for as a Proprietary Fund. Proprietary Funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. The Authority may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The Authority's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

B Use of Estimates

The basic financial statements have been prepared in conformity with U.S. generally accepted accounting principles, and as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those estimates.

C Cash and Cash Equivalents

Cash and cash equivalents with an original maturity of 90 days or less are used in preparing the statement of cash flows because these assets are highly liquid and are expended to liquidate liabilities arising during the year.

Mendocino Transit Authority
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D Inventory

Inventory represents vehicle parts and various related materials that have been stated at cost determined by the first-in, first-out method. The costs of inventories are recorded as expenses when consumed rather than when purchased.

E Prepaid Costs

Prepaid costs are calculated and adjusted at year-end to properly charge funds in the period benefited.

F Capital Assets

Property and equipment are recorded at historical cost. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets of 1 to 35 years. Depreciation expense was \$1,150,185 for the year ended June 30, 2017. All capital assets over \$1,000 and with a useful life of more than one year are capitalized.

G Compensated Absences

Vacation: Employees accrue vacation at the rate of 1 hour for every 26 hours worked. The accrual increases to 1 hour for every 17.33 hours after four years of service, and 1 hour for every 13 hours after seven years of service. Employees are eligible for vacation benefits after they have completed six months of employment.

Sick Leave: Employees accrue sick leave at the rate of 1 hour for every 20 hours worked, and become eligible for sick leave benefits after they have completed three months of employment. Employees may receive additional pay or vacation time for sick leave accruals in excess of 96 hours, at the rate of 25% of the amount converted.

The full value of accrued vacation was \$131,413 at June 30, 2017, and 25% of the value of accrued sick leave was \$67,755 at June 30, 2017, and are recorded by the Authority as a liability. The total compensated absences liability was \$199,228 at June 30, 2017.

H Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of accounts payable and payroll related accruals.

I Net Position

The Authority reports information regarding its net position and activities according to three classes of net position: invested in capital assets, restricted and unrestricted. A description is as follows:

Invested in Capital Assets: This amount consists of capital assets net of accumulated depreciation.

Restricted: The portion of net position that is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions that the Authority cannot unilaterally alter. These principally include funds received for specialized service contracts.

Unrestricted: The portion of net position that is not restricted from use.

Mendocino Transit Authority
NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

J. Vehicle Replacement Reserve

The Mendocino Council of Governments maintains vehicle and non-vehicle replacement reserve funds for the benefit of the Authority. The fund balance on June 30, 2017 was \$338,979.

K. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 53, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Item Privately Reported as Assets and Liabilities*, the Authority recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the Authority that is applicable to a future reporting period.

L. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2017 consist of the following:

Specialized Services	\$ 90,148
County of Mendocino	1,555,837
Cash deposit with banks	323,650
Petty cash	340
Total	<u>\$ 1,970,975</u>

The Authority maintains a cash and investment pool with the County. The County allocates interest to the various funds based upon the average monthly cash balances. The Authority's cash on deposit with the County Treasury at June 30, 2017 was \$1,581,596.

Credit Risk, Carrying Amount and Market Value of Investments

The Authority maintains specific cash deposits with the County and participates in the external investment pool of the County. The County is restricted by state code in the types of investments it can make.

Mendocino Transit Authority
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 3 - CASH AND INVESTMENTS (concluded)

Furthermore, the County Treasurer has a written investment policy approved by the Board of Supervisors, which is more restrictive than state code as to terms of maturity and type of investment. Also, the County has an investment committee that performs regulatory oversight for its pool, as required by California Government Code Section 27134.

The County's investment policy authorizes the County to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, certificates of deposit, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, and the State Treasurer's investment pool.

At June 30, 2017, the Authority's cash with the County Treasurer is stated at fair value. However, the value of the pool shares in the County that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the Authority's position in the pool.

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the Authority's cash on deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for these deposits. Under California Law this collateral is held in the Authority's name and is placed ahead of general creditors of the institution. The Authority has waived collateral requirements for the portion of deposits covered by federal depository insurance.

Credit risk is the risk that a security or portfolio will lose some or all of its value due to a real or perceived change in the ability of an issuer to repay its debt. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Local Agency Investment Fund (LAIF) was unrated at June 30, 2017.

The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total Authority investments that are required to be disclosed.

The Authority, whose investments are held by the County, is a voluntary participant in the LAIF, which is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements and amounts are based upon the Authority's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Restricted and Designated Cash and Equivalents

The Authority segregates certain cash and equivalents that have legal or Board of Director's designated restrictions as to their uses.

The Authority is required under the terms of specialized service contracts to segregate and maintain certain funds. The balance of these funds at June 30, 2017 was \$180,564.

Mendocino Transit Authority
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 4 - CAPITAL ASSETS

Capital assets as of June 30, 2017 consist of the following:

	Beginning Balance	Additions	Dispositions	Ending Balance
Land (not depreciated)	\$ 360,782	\$ -	\$ -	\$ 360,782
Facility	9,58,659	16,625	-	9,75,284
Staff vehicles	242,707	59,978	-	302,685
Radios, fare boxes, steps	309,322	161,820	-	471,142
Garage equipment	231,347	6,244	-	237,591
Shelters	515,425	3,784	-	519,209
Office equipment	284,170	14,155	-	298,325
Revenue vehicles	7,810,828	-	-	7,810,828
Subtotal	19,513,310	\$ 242,606	\$ -	19,755,916
Accumulated depreciation	(7,270,331)	-	-	(8,420,516)
Net book value	\$ 12,242,979	-	-	\$ 11,335,400

NOTE 5 - DEFINED BENEFIT PENSION PLAN

Plan Description: All qualified permanent and probationary employees are eligible to participate in the Authority's following cost-sharing, multi-employer defined benefit pension plans (Plans):

- Authority Miscellaneous

The Plans are administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Authority resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries.

Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement: 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan provisions and benefits in effect at June 30, 2017, are summarized as follows:

Mendocino Transit Authority
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 5 - DEFINED BENEFIT PENSION PLAN (continued)

	<u>Authority Miscellaneous</u>	
	<u>Prior to</u> <u>January 1, 2013</u>	<u>On or after</u> <u>January 1, 2013</u>
Hire date		
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 60	52 - 62
Monthly benefits, as a % of eligible compensations	2.0% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7%	6.244%
Required employer contribution rates	6.709%	6.237%

7.53%

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2017, the contributions recognized as part of pension expense for each Plan were as follows:

Contributions - employer	<u>Miscellaneous</u> <u>\$184,327</u>
--------------------------	--

As of June 30, 2017, the Authority reported net pension liabilities for its proportionate shares of the net pension liability of the Miscellaneous Plans as follows:

Miscellaneous	<u>Proportionate</u> <u>Share of Net</u> <u>Pension</u> <u>Liability</u> <u>\$ 1,258,942</u>
---------------	--

The Authority's net pension liability for the Plans is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2016, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The Authority's proportionate share of the net pension liability for each Plan as of June 30, 2016 and 2015 was as follows:

<u>Authority's Miscellaneous Plan</u>	<u>Miscellaneous</u>
Proportion - June 30, 2015	01189%
Proportion - June 30, 2016	.01455%
Change - Increase (Decrease)	.00265%

Mendocino Transit Authority
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 5 - DEFINED BENEFIT PENSION PLAN (continued)

For the year ended June 30, 2017, the Authority recognized pension expense of \$137,325. At June 30, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 184,327	\$ -
Differences between actual and expected experience	5,911	1,354
Changes in assumptions		55,921
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	45,291	117,420
Difference between the employer's contributions and the employer's proportionate share of contributions	-	55,492
Net differences between projected and actual earnings on plan investments	291,051	-
Total	<u>\$ 526,580</u>	<u>\$ 230,187</u>

The \$184,327 amount reported as deferred outflows of resources related to contributions, subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2018	\$ (65,280)
2019	(30,266)
2020	132,225
2021	75,386
2022	-
Thereafter	-

Actuarial Assumptions - The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

	All Plans(2)
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.5% (1)
Mortality	Derived using CalPERS Membership Data for all Funds (2)

Mendocino Transit Authority
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 5 - DEFINED BENEFIT PENSION PLAN (continued)

(1) Net of pension plan investment expenses, including inflation

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 5 years of mortality improvements using Society of Actuaries Scale AA. For more details on this table, please refer to the CalPERS 2016 experience study report available on CalPERS website.

Change of Assumptions - GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. The discount rate of 7.65 percent used for the June 30, 2016 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2016 measurement date is without reduction of pension plan administrative expense. All other assumptions for the June 30, 2015 measurement date were the same as those used for the June 30, 2016 measurement date.

Discount Rate - The discount rate used to measure the total pension liability was 7.65% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans ran out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach.

Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Mendocino Transit Authority
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 5 DEFINED BENEFIT PENSION PLAN (concluded)

Asset Class	New Strategic Allocation	Real Return Years 1-10	Real Return Years 11+
Global Equity	51%	5.23%	5.71%
Global Fixed Income	19	0.09	2.43
Inflation Sensitive	6	0.45	3.36
Private Equity	10	6.83	6.95
Real Estate	10	4.50	5.13
Infrastructure and Forestland	2	4.50	5.09
Liquidity	2	(0.55)	(1.05)
Total	100%		

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the Authority's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Miscellaneous
1% Decrease	6.65%
Net Pension Liability	\$2,222,875
Current Discount Rate	7.65%
Net Pension Liability	\$1,258,947
1% Increase	8.65%
Net Pension Liability	\$462,299

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 6 DEFINED CONTRIBUTION PLAN

Defined contributions as of June 30, 2017 consist of the following:

CalPERS 457	\$ 27,744
ICMA 457	2,947
ICMA 457 PTS	2,028
Total	<u>\$ 32,719</u>

These plans covering all employees are a defined contribution plan that is also a deferred compensation plan established under the provisions of the Internal Revenue Code Section 457. Contributions to the plan are withdrawn before tax and the Authority will match up to 3% of the annual employee salary. Vesting is 100% immediate for both the employer and employee contributions.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the Authority's property, are not managed by the Authority and are not subject to claims by general creditors of the Authority, they have been excluded from these financial statements.

Mendocino Transit Authority
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 7. OPERATING LEASES

The Authority has entered into several operating leases, as lessee. The leases are primarily for office space, parking and areas for loading of passengers. Lease terms are all month-to-month at this time. None of these leases have non-cancelable lease terms, provisions for contingent rentals, purchase options, or unusual restrictions. Renewals of leases are negotiated with the lessor when appropriate.

NOTE 8. CONTINGENCIES

The Authority receives revenue from Federal, State and Local agencies that have requirements to be followed when expending these revenues. If the requirements are not followed, the unauthorized expenditures would be a liability to be refunded to the appropriate agency.

The Authority is involved in various claims and litigation arising in the ordinary course of business. Authority management, based upon the opinion of legal counsel, is of the opinion that the ultimate resolution of such matters will not have a materially adverse effect on the Authority's financial position or results of operations.

NOTE 9. DEFERRED REVENUE

Deferred revenue at June 30, 2017 consisted of \$129,037 of Transit System Safety, Security and Disaster Response Account (TSSSDRA) funding that was not expended by the end of fiscal year 2017. The balance of the deferred revenue consists of \$161,719 in the Low Carbon Transit Operations Program. The total deferred revenue at June 30, 2017 was \$290,756.

NOTE 10. FARE REVENUE RATIO

The Authority is required to let the Transportation Development Act to maintain a fare revenue to operating expenses ratio of 162%. The calculation of the fare revenue ratio for the year ended June 30, 2017, is as follows:

Fare revenues	\$ 5,200,091
Operating expenses	\$ 5,765,419
Less: depreciation	1,150,185
Less: cost of specialized services	390,945
Less: contract and charter services, senior administration, maintenance labor and mobility management:	2,190
Total	\$ 4,226,439
Fare revenue ratio	128%

NOTE 11. RISK MANAGEMENT

The Authority manages risk of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters by participating in the public entity risk pools described below and by retaining certain risks. The Authority maintains insurance coverage from a commercial carrier for its Garage Keepers Insurance, Commercial Property and Inland Marine coverage.

Mendocino Transit Authority
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 11 - RISK MANAGEMENT (continued)

Public entity risk pools are formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, those entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member municipalities.

Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of these risk pools are not the Authority's responsibility.

Risk Coverage

The Authority is a member of the California Transit Insurance Pool (CALTIP), which covers liability and vehicle damage claims up to \$5,000,000. The Authority has a self-insured retention or deductible of \$5,000 on physical damage and \$25,000 on liability per claim. Once the Authority's self-insured retention for claims is met, CALTIP becomes responsible for payment of all claims up to \$1,000,000.

For claims above that amount, CALTIP purchases excess coverage up to \$5,000,000. During the fiscal year ended June 30, 2017, the Authority contributed \$101,522 for coverage.

The Authority is also a member of the Special District Risk Management Authority (SDRMA) Workers' Compensation Program which covers workers' compensation claims up to \$5,000,000.

The contributions made to the risk pool equal the ratio of their respective payrolls to the total payrolls of all entities participating in a same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

Financial statements for the risk pools may be obtained from CALTIP, 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833 and SDRMA, 1112 I Street, Suite 300, Sacramento, CA 95814.

Self-Insurance

The Authority maintains liability accounts for employee benefits and self-insurance reserves. The balances of these liabilities at June 30, 2017 are as follows:

	2017
Employee benefits	\$ 147,474
Workers' compensation	11,289
Cafeteria plan	35,671
Total	<u>\$ 194,434</u>

Self-insurance for employee benefits includes unemployment insurance and an employees' cafeteria plan. Vehicle collision risks are partially self-insured by the Authority. Potential liability claims are insured by an insurance carrier, with a deductible of \$25,000 per incident. Management believes there were sufficient reserves to fund these liabilities at June 30, 2017.

Mendocino Transit Authority
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 11 - RISK MANAGEMENT (concluded)

Each year the Authority budgets an amount to be set aside during the year for self-insurance costs, based on actuarial estimates and availability of funds. That amount is expended and accrued to a liability account during the year. Claims are then charged against the liability account, and any balance remaining at year end is carried forward to the next fiscal year.

The Authority's actuary estimate for the ultimate unpaid losses incurred for vehicle collision and deductible on liability insurance was derived from the June 30, 2016 valuation report. The fiscal year ending June 30, 2017 estimate was \$29,000.

NOTE 12 - CONCENTRATION

The Authority receives a substantial amount of revenue from the Mendocino Council of Governments under the Transportation Development Act and State Transit Assistance. Transportation Development Act fund allocation is based on sales tax revenue. During the fiscal year ended June 30, 2017, the Authority received \$2,976,458. This amounts to 54% of total revenue for the year.

NOTE 13 - PTMISEA

In November 2006, California Voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006. Of the \$19.925 billion of state general obligation bonds authorized, \$4 billion was set aside by the State as instructed by statute as the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA). These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements or for tolling stock procurement, rehabilitation or replacement.

In FY09/10, the Authority applied for PTMISEA funds for the construction phase of the Alternative Fuel Infrastructure Project, and in FY11/12 for vehicle procurement. As of June 30, 2017, the Authority has received a total of \$4,060,754 in PTMISEA proceeds and related interest, of which qualifying expenditures totaled \$4,060,754. Qualifying expenditures must be encumbered within three years from the date of the allocation and expended within three years from the date of encumbrance.

As of June 30, 2017, PTMISEA funds received and expended were verified in the course of our audit as follows:

Balance at June 30, 2016	\$ 387
PTMISEA received	306,843
Expenditures incurred:	
Transit buses	(306,843)
Unexpended proceeds at June 30, 2017	<u>\$ 387</u>

NOTE 14 - SUBSEQUENT EVENTS

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

Mendocino Transit Authority

As of June 30, 2017

"Last 10 Years"

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY

Schedule of the Proportionate Share of the Net Pension Liability	Miscellaneous Plan 2017	Miscellaneous Plan 2016	Miscellaneous Plan 2015
Proportion of the net pension liability	0.014549%	0.018990%	0.015799%
Proportionate share of the net pension liability	\$ 1,238,942	\$ 816,711	\$ 983,080
Covered - employee payroll	\$ 2,133,007	\$ 2,119,045	\$ 1,967,075
Proportionate share of the net pension liability as a percentage of covered employee payroll	59.02%	38.54%	49.98%
Plan fiduciary net position as a percentage of the total pension liability	106%	78.40%	79.82%

NOTES TO SCHEDULE:

Fiscal year 2015 was the 1st year of implementation

Schedule is intended to show information for 10 years

Additional years will be displayed as they become available

Mendocino Transit Authority
As of June 30, 2017
Last 10 Years
SCHEDULE OF CONTRIBUTIONS

	Miscellaneous Plan 2017	Miscellaneous Plan 2016	Miscellaneous Plan 2015
<u>SCHEDULE OF CONTRIBUTIONS</u>			
Contractually required contribution (actuarially determined)	\$ 184,327	\$ 165,348	\$ 164,914
Contributions in relation to the actuarially determined contributions	(184,327)	(165,348)	(164,914)
Contribution deficiency (excess)	\$	\$	\$
Covered employee payroll during the fiscal year	\$ 2,154,914	\$ 2,133,007	\$ 1,919,528
Contributions as a percentage of covered employee payroll	8.55%	7.75%	8.59%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION:

Fiscal year 2015 was the 1st year of implementation

Schedule is intended to show information for 10 years
Additional years will be displayed as they become available

REPORT ON COMPLIANCE OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
THE STATUTES, RULES, AND REGULATIONS OF THE
CALIFORNIA TRANSPORTATION DEVELOPMENT ACT
AND THE ALLOCATION INSTRUCTIONS AND RESOLUTIONS
OF THE LOCAL TRANSPORTATION COMMISSION

Board of Directors
Mendocino Transit Authority
Ukiah, California

We have audited the financial statements of the Transportation Development Act Funds of Mendocino Transit Authority as of and for the year ended June 30, 2017 and have issued a report thereon dated DATE

As part of obtaining reasonable assurance about whether Mendocino Transit Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Additionally, we performed tests to determine that expenditures paid by the Mendocino Transit Authority Transportation Development Act Funds were made in accordance with the allocation instructions and resolutions of the Mendocino Council of Governments and in conformance with the California Transportation Development Act. Specifically, we performed each of the specific tasks identified in the California Code of Regulations Sections 6554 and 6667 that are applicable to Mendocino Transit Authority's use of Transportation Development Act Funds. In connection with the audit, nothing came to our attention that caused us to believe that Mendocino Transit Authority failed to comply with the Statutes, Rules, and Regulations of the California Transportation Development Act and the allocation instructions and resolutions of Mendocino Council of Governments. However, providing an opinion on compliance with those provisions was not an objective of the audit and accordingly, we do not express such an opinion.

This report is intended solely for the information and use of the Board of Directors and management of Mendocino Transit Authority, the Board of Directors and management of Mendocino Council of Governments, the California Department of Transportation, and the State Controller's Office and should not be used by anyone other than these specified parties.

R. J. Ricciardi, Inc
Certified Public Accountants

San Rafael, California
DATE

TO: MTA Board of Directors
FROM: Mark Harvey, Finance Director
RE: Finance Report
DATE: September 26, 2018

Auditors were on site from August 29th through August 31st, and completed fieldwork for the 2016-2017 audited financial statements. The Draft financial statements are being presented at this meeting by Michael O'Connor of R. J. Ricciardi, Inc.

The 2017-2018 fiscal year accounts are being reconciled and draft unaudited financial statements will be presented at the October 2018 Board meeting. Kate Stornetta will be assisting us with the reconciliation process as she did with 2016-2017.

Cash & Capital/Receivable Balances at September 21st, 2018, include:

Cash & Capital Funds:

Operating Funds	(154,992.65)
Senior Operating	(4,920.37)
Operating Reserve	100,265.96
Payroll Account	202,044.35
Benefit Account	20,971.20
LCTOP	157,740.82
MTA Capital	529,655.97
PTIMSEA	570,164.46
CAL-OES/TSSDRA	146,241.65
State Transit Assistance	461,569.86 *
Total Cash & Capital	2,028,741.25

Due from:

MCOG - 2018/19- LTF	788,766.25	July, Aug, Sept
MCOG - 2018/19 -STA Funds	349,000.00	
MCOG - 2017/18 - Senior Funds	88,446.00	
Sonoma County 2018-2019	43,050.00	
Redwood Coast Regional Center	39,382.04	
Other Receivables (est.)	3,500.00	
Total Due	1,312,144.29	

Available From:

MCOG-Capital Reserve -Vehicle	343,201.15
Available to eligible transit operators	
MCOG STA - Fund Balance available	291,184.00
MCOG-Capital Reserve-MTA	
2018/2019 Allocation	331,645.00
Total Available	966,030.15

*Researching balance

TO: MTA Board of Directors
FROM: Carla Meyer, General Manager
RE: State of Good Repair
DATE: September 26, 2018

The Road Repair and Accountability Act of 2017, Senate Bill (SB) 1 (Chapter 5, Statutes of 2017) signed by the Governor on April 28, 2017, includes a program that will provide additional revenues for transit infrastructure repair and service improvements. This investment in public transit is referred to as the State of Good Repair program. This program provides funding of approximately \$105 million annually to the State Transit Assistance (STA) Account. These funds are to be made available for eligible transit maintenance, rehabilitation and capital projects.

MTA via the MCOG is programmed to receive \$128,995 in State of Good Repair Funds for FY 2017-18. These funds can be rolled forward for anticipated Capital Projects.

MTA has applied for these funds to provide matching funds for a future Transit Center and/or Administration Building.

Recommendation: Approve ***Resolution #2018-09***, authorizing General Manager to apply for State of Good Repair Funds.

ATTACHMENT I

RESOLUTION #2018-09

**AUTHORIZATION FOR THE EXECUTION OF THE
CERTIFICATIONS AND ASSURANCES
FOR THE CALIFORNIA STATE OF GOOD REPAIR PROGRAM**

WHEREAS, the Mendocino Transit Authority is an eligible project sponsor and may receive State Transit Assistance funding from the State of Good Repair Account (SGR) now or sometime in the future for transit projects; and

WHEREAS, the statutes related to state-funded transit projects require a local or regional implementing agency to abide by various regulations; and

WHEREAS, Senate Bill 1 (2017) named the Department of Transportation (Department) as the administrative agency for the SGR; and

WHEREAS, the Department has developed guidelines for the purpose of administering and distributing SGR funds to eligible project sponsors (local agencies); and

WHEREAS, the Mendocino Transit Authority wishes to delegate authorization to execute these documents and any amendments thereto to the General Manager, Carla A. Meyer.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Mendocino Transit Authority that the fund recipient agrees to comply with all conditions and requirements set forth in the Certification and Assurances document and applicable statutes, regulations and guidelines for all SGR funded transit projects.

NOW THEREFORE, BE IT FURTHER RESOLVED that the General Manager, Carla A. Meyer be authorized to execute all required documents of the SGR program and any Amendments thereto with the California Department of Transportation.

AGENCY BOARD DESIGNEE:

BY: _____

TO: MTA Board of Directors
FROM: Carla Meyer, General Manager
RE: Special Events Schedule
DATE: September 26, 2018

On January 14, 2008, the Federal Transit Administration ("FTA") released a Final Rule on Charter Service that went into effect April 30, 2008.¹ The general purpose of the Charter Service Final Rule is to protect private charter operators from unauthorized competition from recipients of federal financial assistance. As such, the FTA has placed limitations on public transit agencies providing bus charter services. The 2008 Final Rule provides procedural rules and an enhanced administrative adjudicatory process to govern and regulate violations.

Highlights of the FTA's Final Rule on Charter Service

Private Charter Operators:

- Must register at FTA's new Charter Registration Website (49 C.F.R. Part 604.13)
- Are entitled to notice of proposed charter trips by public transit agencies (49 C.F.R. Part 604.14)
- May file a Complaint against a public transit agency for unauthorized charter service (49 C.F.R. Part 604.27)
- May review public transit agencies' reports on charter services (49 C.F.R. Part 604.12)

Public Transit Charter Requirements:

- Upon receiving a request for charter service, the application for said service must be posted on the FTA website. If no response is received from a registered private charter operator es received within specified timeframes, the public transit system may perform the charter service.
- If registered private charter operator expresses interest, transit systems cannot provide charter, regardless of whether the private operator does so or not.
- Transit system must file quarterly reports with FTA providing specified details for each such charter

In years past, MTA has provided Charter service in accordance with the FTA rules. All charter requests were published via the FTA website to private charter agencies as available work and did not receive any private requests to provide the services. However, during the last year, charter requests have been responded to by private carriers preventing MTA from performing the services.

In lieu of this, MTA is no longer providing private charter service. However, in view of the many service events of long-standing non-profit agencies who rely on MTA for transportation services, MTA is proposing to create a 'Special Events Schedule'. These events would be listed on the schedule and posted on our webpage. As scheduled annual events they would be exempted from the FTA Final Rule on Charter Service.

Recommendation: Approve addition of Special Events Schedule to MTA service matrix.



2018-2019 SPECIAL EVENTS SCHEDULE

Willits Frontier Days - July

Fort Bragg Salmon BBQ - July

Winesong - Fort Bragg - September

*Mendocino Area Parks Association
Fort Bragg - September*

*Ukiah Christmas Trolley
November-December*

TO: MTA Board of Directors
FROM: Carla Meyer, General Manager
RE: Revision of MTA FY18/19 Capital Budget
DATE: September 26, 2018

At the June, 2018 Board of Directors meeting, FY 18-19 Operating and Capital budgets were presented and approved.

At that time, the Capital Reserve Funds held by the Mendocino Council of Governments in the amount of \$632,138 was not accurately reflected in the Facility Solarization and Modernization – By Project portion of the Capital Plan.

This revision corrects only that portion of the plan and validates the MCOG in holding these funds until utilized.

Recommendation: Review and approve **Resolution #2018-10**, FY 18/19 MTA Capital Budget, Rev.#1.

REVENUE / EXPENDITURES BY FUND TYPE

Capital Reserve - MCOG	2018/19	2019/20	2020/21	2021/22	2022/23
Beg. Balance-Unallocated by MCOG	291173				
Deposit	680,635	623,108	623,108	623,108	623,108
Interest	300				
Withdrawal/Expenditure	349,000				
End Balance	\$623,108	\$623,108	\$623,108	\$623,108	\$623,108

State Transit Assistance (MTA - STA)	2018/19	2019/20	2020/21	2021/22	2022/23
Beginning Balance	300,000				
Allocated to Operations	300,000				
Interest or adjustment					
budgeted or spent	300,000				
End Balance	\$0				

ESTIMATED AMOUNTS

Other	2018/19	2019/20	2020/21	2021/22	2022/23
Beginning Balance					
Specific Sources					
Income (sale of assets)					
Interest					
Withdrawal/Expenditure					
End Balance		\$0	\$0	\$0	\$0

Federal - 5310 Bus Program	2018/19	2019/20	2020/21	2021/22	2022/23
Beginning Balance		120,000	130,000		130,000
Withdrawal/Expenditure		120,000	130,000		130,000
End Balance		\$0	\$0	\$0	\$0

State Transportation Improvement Program (STIP)	2018/19	2019/20	2020/21	2021/22	2022/23
Beginning Balance	0				
Allocated by CTC	44,000				
from>					
budgeted or spent	\$44,000				
End Balance	\$0	\$0	\$0	\$0	\$0

Proposition 1B (2006) - Public Transit Modernization, Improvement and Service Account - (PTM)	2018/19	2019/20	2020/21	2021/22	2022/23
Beginning Balance	300493				
received	0				
interest + adjustment	200				
budgeted or spent	300,793				
End Balance	0				

END OF 10-YEAR FUNDING PROGRAM

Proposition 1B (2006) - Transit System Security (Security)	2018/19	2019/20	2020/21	2021/22	2022/23
Beginning Balance	80,437	0			
Appropriated, and allocated to MTA	80,437	60000			
interest	400	250			
budgeted or spent	\$80,837	60250			
End Balance	0	0			

END OF 10 -YEAR PROGRAM



Fund usage restrictive. Utilization must be connected to new or expanded revenue

Cap & Trade	2018/19	2019/20	2020/21	2021/22	2022/23
Beginning Balance	15,400	71,245			
Appropriated, and allocated to MTA	128,995	128,995			
Used for Operations	73,400	73,400			
interest	250	350			
budgeted or spent	\$73,400	127,190			
End Balance	\$71,245				\$0

rolling forward for electric bus purchase

TOTAL EXPENDITURES FROM FUND BALANCES	\$799,030	\$307,440			
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MTA Five -YearCapital Vehicle Replacement Plan

 = retire and sell
 = buy

Staff - Vehicles

Odometer	4 YEARS OR 100,000 MILES			18/19	19/20	20/21	21/22	22/23
	Fund	#	Year Make/Mod					
	AgWorker	AG 1	09 Escape hybrid - AW			REPLACE		
	STIP	201	11 ChevVolt plug-in-hybrid				REPLACE	
	STA	307	11 Toyota Prius hybrid			REPLACE		
	STA	308	11 Toyota Prius hybrid				REPLACE	
		309	Hybrid - ALL Wheel		BUY		REPLACE	
		310	Hybrid - All Wheel			BUY		
		311	electric			BUY		
		312	hybrid				BUY	
		313	electric				BUY	
		314	electric				BUY	
		315						
		316						

Maintenance - Facilities Vehicles

	FUND	Van for Cleaning	18/19	19/20	20/21	21/22
		96 07 Sprinter	MTC - F	MTC - F		
		97 07 Sprinter	MTC - U	MTC - U		
	STA	94 19		buy	MTC - F	
	STA	93 19		buy	MTC - U	
		Pickup Truck				
	STA	98 02 Ford E350				
	CAPTIAL R.	95 14	MTC - U	MTC - U	MTC - U	

Dial-a-Ride - Paratransit Vans

Odometer	Type II or Class A							
0	0	5 YEARS OR 150,000 MILES						
	Fund	#	Year Make/Mod	18/19	19/20	20/21	21/22	22/23
		619	11 Glaval gas					
		620	11 Glaval gas					
		621	11 Glaval gas		DAR			
		622	11 Glaval gas		DAR			
		623	11 Glaval gas			DAR		
		624	13 Glaval gas			DAR		
		625	13 Glaval gas					
		626	13 Glaval gas				DAR	
		627	13 Glaval gas				DAR	
		628	13 Glaval gas					
	PTIMSEA	629	17					
	PTIMSEA	630	18					
	5310/STA	631	18		BUY			
	5310/STA	632	18		BUY			
	5310/STA	633	18			BUY		
	5310/STA	634	19			BUY		
	5310/STA	635	19				BUY	
	5310/STA	636	19				BUY	
	5310/STA	637	19					
	5310/STA	638	19					
	5310/STA	639	20					
		640	27					

Fixed Route Fleet - Medium Duty Buses

Odometer		Type VII VIII or Class E								
0	0	Life: 7 years or 200,000 miles								
		Fund	#	Year	Make/Mod	18/19	19/20	20/21	21/22	22/23
			808	12	IC Eaton Hybrid					
			807	12	IC Eaton Hybrid					
			808	15	Cummins			replace		
			809	15	Cummins			replace		
			810	15	Cummins					
		PTIMSEA	811		Replaced w/FR Cutaway					
		PTIMSEA	812		Replaced w/FR Cutaway					
		STA	813					BUY		
		STA	814					BUY		
		STA	815							
		STA	816							
		STA	817							
			818							
			819							
			820							

Fixed Route Fleet - Heavy Duty Buses

Hubometer		Urban Bus Class H								
		LIFE: 12 YEARS OR 500,000 MILES								
		Fund	#	Year	Make/Mod	18/19	19/20	20/21	21/22	22/23
			903	97	35' Gillig	training				
			906	99	40' Gillig	replace				
			910	12	40' Gillig Clean Diesel Low Floor					
			911	12	40' Gillig Clean Diesel Low Floor					
			912	12	40' Gillig Clean Diesel Low Floor					
			913	12	40' Gillig Clean Diesel Low Floor					
			914	12	40' Gillig Clean Diesel Low Floor					
			915	13	40' Gillig Clean Diesel Low Floor					
			916	13	40' Gillig Clean Diesel Low Floor					
			917	13	40' Gillig Clean Diesel Low Floor					
			918			BUY				
			919							
			920							
			921							
			922							
			923							
			924							
			925							
			926							

Senior Center Fleets

Type II, or IIA, or Class A
5 YEARS OR 150,000 MILES

Anderson Valley		Fund	#	Year	Make/Mod	18/19	19/20	20/21	21/22	22/23
27	54	ARRA	7504	10	Glaval gas			replace		
		5310	7505	17		serv	serv	buy		
	BUY					0	0	1		0

Redwood Coast		Fund	#	Year	Make/Mod	18/19	19/20	20/21	21/22	22/23
125	142	5310	7810	03	Goshen					
130	125	5310	7811	05	(State) Eldorado					
45	83	STIP	7814	11	Glaval gas purple					
	9	5310	7815	14	Glaval gas	back		replace		
			7816	16		serv	serv	serv		
		5310	7817	18		serv	serv	serv		
		5310	7818	19				buy		
	BUY					0	0	1		

South Coast		Fund	#	Year	Make/Mod	18/19	19/20	20/21	21/22	22/23
80	97	STIP	7205		MTA Borrowed Bus					
		5310	7206		New Bus					
		5310	7207		Expansion Bus	serv	serv	serv		
	BUY					0	0	0		

Ukiah		Fund	#	Year	Make/Mod	18/19	19/20	20/21	21/22	22/23
103	122	5310	7112	07	Starcraft					
59	86	STIP	7114	08	(State) Starcraft	backup	backup	replace		
70	97	STIP	7116	09	(State) Starcraft	serv	serv	replace		
	17	5310	7117	14	Glaval	serv	serv			
		5310	7118	15	Glaval	serv	serv			
		5310	7119	17	Accessible Mini-Van	buy		buy		
		5310	7120	19				buy		
			7121	20						
	BUY					0	0	1		

Willits		Fund	#	Year	Make/Mod	18/19	19/20	20/21	21/22	22/23
96	95	STA	7407	07	Honda Odyssey					
10	35	5310	7409	12	Glaval gas	serv	serv	replace		
	4	5310	7410	15	Dodge	serv	serv	replace		
		5310	7411					buy		
		5310	7511					buy		
	BUY					0	0	0		

MTA Five-Year Capital Plan

Vehicle Replacement Plan - Estimated Costs

Schedule of Purchases	18/19	19/20	20/21	21/22	22/23
Staff - Hybrid AW			1	1	
Staff - Electric			1	2	
Staff - Mtc Van		2			
Staff - Mtc Truck					
Senior Center Mini-Van	1				
Senior Center Bus			6		
Dial-A-Ride Bus		2	2		2
Cutaway Buses	3	3	3	3	3
Medium Duty Bus					2
Heavy Duty Bus	1				
TOTAL	5	7	13	6	7

Unit Cost (\$000)*	18/19	19/20	20/21	21/22	22/23
Staff - Hybrid AW			\$37,500	\$37,500	
Staff - Electric			\$32,000	\$33,000	
Staff - Mtc Van		\$35,000			
Staff - Mtc Truck (crew)					
Senior Center Mini-Van	\$49,000				
Senior Center Bus			\$75,000		
Dial-A-Ride Bus		\$125,000	\$127,500		\$128,000
Cutaway Bus	\$125,000	\$125,000	\$125,000	\$130,000	\$130,000
Medium Duty Diesel					\$200,000
Heavy Duty Bus					
Medium Duty Hybrid					
Medium Duty Electric					

electric

TOTAL ANNUAL COST	18/19	19/20	20/21	21/22	22/23
Staff - Hybrid AW	\$0	\$0	\$37,500	\$37,500	\$0
Staff - Electric	\$0	\$0	\$32,000	\$66,000	\$0
Staff - Mtc Van	\$0	\$70,000	\$0	\$0	\$0
Staff - Mtc Truck (crew)	\$0	\$0	\$0	\$0	\$0
Senior Center Mini-Van	\$49,000	\$0	\$0	\$0	\$49,000
Senior Center Cutaway	\$0	\$0	\$0	\$0	\$0
Dial-A-Ride Bus	\$0	\$250,000	\$255,000	\$0	\$256,000
Cutaway Bus	\$375,000	\$375,000	\$375,000	\$390,000	\$390,000
Medium Duty Diesel	\$0	\$0	\$0	\$0	\$400,000
Heavy Duty Bus	\$0	\$0	\$0	\$0	\$0
Medium Duty Hybrid	\$0	\$0	\$0	\$0	\$0
Medium Duty Electric	\$0	\$0	\$0	\$0	\$0
Total Annual Costs	\$424,000	\$695,000	\$699,500	\$493,500	\$1,095,000

Equipment Purchase Detail

Category						Five-Year
Project	18/19	19/20	20/21	21/22	22/23	Total
Operations						
Miscellaneous	2,000	2,000	2,000	2,000	\$3,000	\$12,000
Uniforms	3,500	3,500	3,500	4,000	\$4,000	\$18,500
Office Furniture	5000	2,000	2000	2000	\$3,000	\$14,427
RouteMatch AVL, Push to Talk, Route Shout						\$3,000
Computers: Ops Manager				2000		\$3,500
Computers: Training Supervisor			1,500			\$1,500
Computers: Dispatch Supervisor			1,500			\$1,500
Computers: South Coast Supervisor			1,500			\$3,000
Computers:						\$0
Computers: Fort Bragg Supervisor						\$0
Training Equipment	2,000	2,000	2,000	2,000		\$10,000
Transportation Totals	\$12,500	\$9,500	\$15,500	\$12,000	\$10,000	\$70,427
Vehicles						Five-Year
	18/19	19/20	20/21	21/22	22/23	Total
Miscellaneous	2,500	2,500	2,500	2,500	10,000	22,000
Coach Transmissions and Engines	5000	5000	5000	5000	20,000	45,144
					0	0
					0	0
					0	0
Vehicles Total	\$7,500	\$7,500	\$7,500	\$7,500	\$30,000	\$67,144
Maintenance						Five-Year
	18/19	19/20	20/21	21/22	22/23	Total
Miscellaneous	3,000	3,000	3,000	3,000	\$3,000	\$20,000
Ukiah Yard Reseal	12,000		12,500			\$35,952
Willits Yard Reseal		4000				\$8,000
Ft. Bragg Yard Reseal	3,000			3,500		\$6,500
Wood seal north wall of shop	5,000					\$9,507
Floor Scrubber			5,500			\$5,500
Break Room Roof				15,000		\$40,000
Wash Bay Brushes		7,000				\$14,000
Window Replacement			8,000			\$8,000
Mitchell Software						\$0
Old Ukiah Shop - Remodel	35,000	35,000				\$70,000
Tire machine, sensor friendly			12,000			\$12,000
Fleet Software	25,000					\$25,000
Zonar Pre-Trip Wireless	25,000					\$25,000
Alignment Equipment	28,000					\$28,000
Emmissions Smoke Tester	2,500					\$2,500
Wash Bay Pumps and Motors	4,800			7,000		\$13,751
Replace Diagnostics Laptop	2,000		2,500			\$4,500
Bob's Computer				2,500		\$4,000
Scaffolding	5,000					\$5,000
Nitrogen Tire Inflation System			25,000			\$25,000
Gas Pumps	20,000					\$20,000
Maintenance Totals	\$170,300	\$49,000	\$68,500	\$31,000	\$3,000	\$382,210

Equipment Purchase Detail

Category							Five-Year
Project		18/19	19/20	20/21	21/22	22/23	Total
Office - Administration							
Miscellaneous		3,000	3,000	3,000	3,000	3500	\$19,000
Lease Copier for Ukiah/Ft. Bragg		15,000	15,500	16,000	16,500		\$63,000
Heavy Duty Paper Shredder				3,500			\$3,500
Coin Sorter					2,500		\$2,500
Wiring Upgrade		5,000					\$5,000
Managed IT Network/Care		80,437					\$80,437
Office Lighting & Furniture		5,000		1,000		2000	\$9,462
Telephone+Cell, replace + headsets		16,000					\$16,000
Video Conference Ukiah and UVConfCtr							\$0
Web Page TimeTable Design + Install				5,500			\$5,500
Computer - Receptionist		1,500		1,500	1,500		\$4,500
Computer - HR		1,500	1,500				\$4,500
Computer - Accounting Specialist				1,800			\$3,300
Computer - Finance Manager				1,500			\$6,228
Computer - GM			1,500				\$4,000
Computer - Finance Clerk		1,500			1,800		\$3,300
HR - Copier, Recording Equipment		2,500					\$2,500
Administration Totals		\$ 128,937	\$ 21,500	\$ 33,800	\$25,300		\$ 230,227
Shelters and Benches							
Shelters		1,000	1,200	1,500	2,500	\$1,500	\$28,652
Benches (materials)		1,500	1,200	1,500	1,500	\$1,200	\$10,530
Bus Stops & Signs			20,000			\$15,000	\$45,000
I Stops					150,000		\$150,000
							\$0
							\$0
							\$0
Shelters and Benches Totals		\$2,500	\$22,400	\$3,000	\$154,000	\$17,700	\$234,182
Security							
Install Maintenance Facility Generator						0	
						0	
						0	
						0	
Security Total		\$0	\$0	\$0	\$0	\$0	\$0

Facility Solarization and Modernization - By Project

Cap #	FY	Project	\$ COST	REVENUE SOURCE							TOTAL
				Federal		State		Local			
				Grant	Amount	1B Modern	1B Security	STA	Cap & Trade	Reserve	
89	12/13	Start Design Admin/Ops	115,868		-	-	-	115,868		-	115,868
89	13/14	Start Design Admin/Ops	902					902			902
89	19/20	Finish Design Admin/Ops	262,500		210,000			13,125		39,375	262,500
	18/19	440 Transformer	100,000								
89	23/24	Construct Admin/Ops	795,000		636,000		-	39,750	119,250	-	795,000
89	24/25	Construct Admin/Ops	4,280,000		3,424,000	300,000		320,000	96,000	592,763	4,732,763
subtotal			5,554,270		4,270,000	300,000	-	489,645	215,250	632,138	5,907,033
TOTAL for design & construction			13,109,595	-	9,740,000	1,523,695	119,619	710,130	215,250	1,153,664	13,462,358
TOTAL w/ feasibility & environmental			13,229,284	-	9,740,000	1,523,695	119,619	710,130	215,250	1,273,353	13,582,047

MTA TRANSIT CENTER PROJECT

			REVENUE SOURCE								
			Federal		State		Local				
Cap #	FY	Project	\$ COST	Grant	Amount	1B Modern	1B Security	STA - SGR	Cap & Trade	Reserve	TOTAL
100	18/19	Transit Center Site Study	75,000					75,000			75,000
100	19/20	Purchase Property				331,645		128,995			128,995
100	20/21	Transit Center Design									
100	23/24	Construct Transit Center									
subtotal											

**MENDOCINO TRANSIT AUTHORITY
RESOLUTION #2018-10
MTA FY18-19 CAPITAL BUDGET, REV.#1**

WHEREAS:

1. MTA policy calls for the adoption of annual balanced budgets and,
2. The MTA Board of Directors adopted a final FY18-19 Operating and Capital Budget on June 27, 2018, and
3. Staff has revised the FY18-19 Capital Budget to accurately reflect capital funds held by the MCOG for future Administration and/or Transit Center construction, and
4. The Board of Directors reviewed, revised details of this budget

NOW, THEREFORE, BE IT RESOLVED that the MTA Board of Directors hereby:

Adopt the FY 18-19 Capital Budget, Revision #1 as presented to the Board and dated September 26, 2018.

ADOPTION of this RESOLUTION was MOVED by Director and SECONDED by Director at a regular meeting of the MTA Board of Directors on September 26, 2018 by the following Roll Call vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

Jim Mastin, Chairman

Carla A. Meyer, General Manager