



Board of Directors Regular Meeting Agenda

Wednesday, February 24, 2021

1:30 p.m.

MTA Board of Directors

Saprina Rodriguez, Chair
Jim Tarbell, Vice Chair
Bruce Richard
Tess Albin-Smith
Eric Dahlhoff
Maureen Mulheren
Josefina Dueñas

Due to the Shelter In Place Order issued by Mendocino County Public Health on March 17, 2020, and pursuant to Governor Newsom's Executive Orders N-33-20 and N-25-20, members of the MTA Board of Directors will participate in this meeting via teleconference or videoconference.

Executive Order N-29-20 further provides that a legislative body that holds a meeting via teleconference and allows members of the public to observe and address the meeting telephonically or otherwise electronically, consistent with notice and accessibility requirements as set forth in the Order, shall have satisfied any requirement that the body allow members of the public to attend the meeting and offer public comment. Such a body need not make available any physical location from which members of the public may observe the meeting and offer public comment.

Members of the public may participate by phone:

United States (Toll Free) [1 866 899 4679](tel:18668994679)
Access Code: 935-841-117

Please press mute on your phone until public comments are open. Members of the public may also submit questions via email by 5:00 p.m. on February 23, 2021. Email comments to sara@mendocinotransit.org and these comments will be read aloud during the public comment section of the meeting and be made part of the official record of the meeting.

Please visit <https://mendocinotransit.org/board-of-directors/> to view available agenda background documents.

AGENDA ITEMS

A. CALL TO ORDER

1. Introduction of Newly Appointed Director – Josefina Dueñas

B. PUBLIC COMMENT

MTA Board of Directors welcomes participation in its meetings. Comments shall be limited to three (3) minutes per person so that everyone may be given an opportunity to be heard. To expedite matters and avoid repetition, whenever any group of persons wishes to address the MTA Board of Directors on the same subject matter, the Chair may request that a spokesperson be chosen by the group. This item is limited to matters under the jurisdiction of the Mendocino Transit Authority which are not on the posted agenda. Public criticism of the MTA Board will not be prohibited. No action shall be taken.

C. CONSENT CALENDAR

1. Approval of Minutes of January 27, 2021 Board Meeting
2. Acceptance of Service Performance Report
3. Acceptance of Financial Statements – July 2020 through December 2020

D. ACTION & DISCUSSION

1. Unmet Needs: Solicit Public Input
2. Discussion and Possible Adoption of a Resolution Approving a Retroactive Employment Contract between MTA and Jacob King for the position of Executive Director for Mendocino Transit Authority.
3. Discussion and Possible Acceptance of Draft Financial Compliance Audit for Fiscal Year 2019-2020.

E. DIRECTOR AND MANAGEMENT REPORTS

1. Matters from Management
2. Matters from Directors

F. ADJOURN

Anticipated adjournment is 3:30 p.m.

Americans with Disabilities Act (ADA) Compliance

Mendocino Transit Authority complies with AMERICANS WITH DISABILITIES ACT (ADA). Upon request, MTA will attempt to reasonably accommodate individuals with disabilities by making meeting material available in appropriate alternate formats pursuant to Government Code Section 54953.2 and Section 202 of the Americans with Disabilities Act of

February 24, 2021 - MTA Board of Directors Meeting Agenda

1990 (42 U.S.C. Sec. 12132). Anyone requiring reasonable accommodation in order to participate in the meeting should contact Heather Lindsteadt at Mendocino Transit Authority by calling (707) 234-6447 or by email at sara@mendocinotransit.org at least 72 hours prior to the meeting.



Board of Directors Regular Meeting Minutes

Wednesday, January 27, 2021

1:30 p.m.

MTA Board of Directors in Attendance

Saprina Rodriguez, Chair
Jim Tarbell, Vice Chair
Bruce Richard
Eric Dahlhoff
Maureen Mulheren
Tess Albin-Smith

Staff

Jacob King, Interim Executive Director
Bob Butler, Maintenance Manager
Mark Harvey, CFO
Dawn White, Mobility Manager
Heather Lindsteadt, HR Director/Recording Secretary
Sara Marquez, Assistant Clerk of the Board

Due to the Shelter In Place Order issued by Mendocino County Public Health on March 17, 2020, and pursuant to Governor Newsom's Executive Orders N-33-20 and N-25-20, members of the MTA Board of Directors will participate in this meeting via teleconference or videoconference.

AGENDA ITEMS

A. CALL TO ORDER:

Chair Rodriguez called the meeting to order at 1:34pm

B. PROCLAMATION OF APPRECIATION FOR OUTGOING BOARD DIRECTORS

1. Adoption of Resolution 2021-01 Proclamation of Appreciation for Lloyd Cross
The Board expressed appreciation and thanks for Director Cross and his time and expertise while serving on the MTA Board of Directors. Director Cross thanked MTA for all the work they do for the community.

Upon motion by Director **Richard**, seconded by Director **Tarbell** the Board approved

Proclamation of Appreciation for Lloyd Cross by roll call vote. **AYES:** Tarbell, Richard, Dahlhoff, Mulheren, Chairwoman Rodriguez **NOES:** 0, **ABSTAIN:** 0, **ABSENT:** Albin-Smith

C. INTRODUCTION OF NEWLY APPOINTED DIRECTOR

1. Eric Dahlhoff – City of Point Arena

Director Cross introduced newly appointed Director, Eric Dahlhoff, Director Cross said he has known Eric for a few years and Eric is currently serving as a Point Arena City Councilmember. The Board welcomed Director Dahlhoff to the Board.

D. PUBLIC COMMENT

No written or verbal public comments.

E. CONSENT CALENDAR

1. Approval of Minutes of October 28, 2020 Board Meeting
2. Approval of Minutes of December 9, 2020 Board Meeting
3. Acceptance of Service Performance Report
4. Acceptance of Financial Statements – July 2020 through November 2020

Upon motion by Director **Tarbell**, seconded by Director **Richard** the Board approved Consent Calendar items E.1 through E.4 by roll call vote. **AYES:** Tarbell, Richard, Dahlhoff, Mulheren, Chairwoman Rodriguez **NOES:** 0, **ABSTAIN:** 0, **ABSENT:** Albin-Smith

F. ACTION & DISCUSSION

1. Unmet Needs:

Director Dahlhoff requested an addition to the Unmet Needs list. He suggested service between Gualala to Manchester. Interim Executive Director King will investigate and provide an update on this service.

2. Discussion and Possible Approval of Resolution 2021-02 Authorizing the Interim Executive Director to Apply for Funding Through Caltrans Sustainable Transportation Planning Grant Program.

Director Albin-Smith join the meeting at 1:50pm

Upon motion by Director **Richard**, seconded by Director **Mulheren** the Board approved adoption of Resolution 2021-02 by roll call vote. **AYES:** Tarbell, Richard, Albin-Smith, Dahlhoff, Mulheren, Chairwoman Rodriguez **NOES:** 0, **ABSTAIN:** 0, **ABSENT:** 0

3. **Discussion and Possible Approval of Policy - Disposition of Agency Owned Surplus Equipment, Supplies, and Other Tangible Agency Property**
Operations manager King mention that there are vehicles at MTA that they either need to auction or donate.

Upon motion by Director **Tarbell**, seconded by Director **Mulheren** the Board approved Policy - Disposition of Agency Owned Surplus Equipment, Supplies, and Other Tangible Agency Property by roll call vote. **AYES:** Tarbell, Richard, Albin-Smith, Dahlhoff, Mulheren, Chairwoman Rodriguez **NOES:** 0, **ABSTAIN:** 0, **ABSENT:** 0

G. DIRECTOR AND MANAGEMENT REPORTS

1. Matters from Management

Interim Executive Director Jacob King report that MTA will be getting an electric Gillig coach.

Maintenance Manager Butler shared that he is still working on remodeling the operations facility/ break room and it is coming along very well. Director Dahlhoff requested photos of the remodels. Butler will send the Board some photos.

HR Director Heather Lindsteadt introduced Sara Marquez to the Board. Sara will be helping with the board meeting preparation and board agendas. Heather also reported that she's working on an FTA virtual Drug and Alcohol program desk audit.

She also reported that MTA is recruiting for South Mendocino Coast Transit Vehicle Operator and accepting applications for the Maintenance Specialist/ Data Entry Clerk. All the information about how to apply for a position with MTA is located on MTA's Career website at <https://mendocinotransit.org/careers/>.

CFO Mark Harvey reported that he will be presenting the draft audit. He is planning on doing a revised 2021 budget as well and will work closely with Jacob, Dawn and Bob.

2. Matters from Directors

Director **Tarbell** is very happy to hear about the electric buses.

Director **Mulheren** reported that she has been attending the Ukiah Unified School District meetings and they are planning on opening in February and she wanted to know if MTA knows when full service will resume.

Interim Executive Director Jacob King said that as of right now MTA doesn't have a date for resumption of full service.

H. CLOSED SESSION

The Board adjourned into Closed Session on one item:

Employee Performance Evaluation

Interim Executive Director Evaluation of Performance
Pursuant to Government Code §54957

I. ANNOUNCEMENT OUT OF CLOSED SESSION

Chairwoman Rodriguez reported that the Board will consider item I.1.

1. Discussion and Possible Appointment of Executive Director

Upon Motion by Director Richard, Seconded by Director Tarbell the Board appointed Jacob King to the position of Executive Director with the following salary:

Salary: \$115,323.82 per year, use of an MTA vehicle, and 5 additional comp days. The Board directed staff to agendize an employment contract for approval at the February 24, 2021 meeting with an effective date of January 27, 2021. Motion carried by roll call vote:

AYES: Tarbell, Richard, Dahlhoff, Albin-Smith, Chair Rodriguez **NOES:** 0, **ABSTAIN:**0
ABSENT: Mulheren

J. ADJOURN

Chairwoman Rodriguez adjourned the meeting at 2:46.



MENDOCINO TRANSIT AUTHORITY
PERFORMANCE SUMMARY
2nd QTR 2020/21

	20-Oct	20-Nov	20-Dec	2nd QTR 2020/21	2nd QTR 2019/20
RIDERSHIP-FIXED ROUTE/DAR					
ADULT	2116	1714	1957	5787	19831
SENIORS	2311	1734	1910	5955	13503
DISABLED	891	797	688	2376	9702
PCA	36	38	48	122	1036
COLLEGE	129	144	141	414	10007
FREE	24	7	11	42	1865
CHILD	97	81	67	245	1312
YOUTH PASSES	0	0	0	0	0
MONTHLY PASSES	246	225	284	755	4400
TRANSFERS	314	210	231	755	3542
STAFF PASSES	4	3	13	20	143
WHEELCHAIR	404	259	235	898	2193
BIKES	100	96	82	278	873
TOTAL RIDERSHIP	6168	4953	5350	16471	65341
OPERATIONS					
TOTAL SERVICE DAYS (Mon-Fri)	22	21	22	65	63
VEHICLE REVENUE HOURS	1704.73	1445.08	1655.02	4804.83	9188.88
PASSENGERS PER HOUR	3.62	3.43	3.23	3.43	7.11
VEHICLE REVENUE MILES	33104.08	29132.00	34088.00	96324	178891.00
VEHICLE NON-REVENUE MILES	1769.00	1067.00	946.00	3782	3366.00
PASSENGER PER MILE	0.19	0.17	0.16	0.17	0.37
COSTS					
MONTHLY EXPENSES (Operating Costs)	\$385,692.28	\$346,383.04	\$281,975.53	\$1,014,050.85	\$1,077,781.41
COST PER PASSENGER	\$62.53	\$69.93	\$52.71	\$61.57	\$16.49
COST PER MILE	\$11.65	\$11.89	\$8.27	\$10.53	\$6.02
COST PER HOUR	\$226.25	\$239.70	\$170.38	\$211.05	\$117.29
REVENUE					
FIXED ROUTE/DAR FAREBOX REVENUE	\$10,818.40	\$22,883.29	\$14,018.35	\$47,720.04	\$207,089.51
ADVERTISING SALES	\$16,697.37	\$9,571.00	\$0.00	\$26,268.37	\$17,818.75
AG VAN LEASE	\$28,511.10	\$0.00	\$0.00	\$28,511.10	\$23,334.30
TOTAL FAREBOX RATIO	15%	9%	5%	10%	23%
OPERATING COST					
MCOG PERFORMANCE MEASURE					
DIAL-A-RIDE	1207	1024	880	3111	6244
PASSENGERS PER HOUR /STANDARD 4.5	2.1	1.9	2.0	2.0	2.8
FAREBOX RATIO /STANDARD 10%	19%	9%	7%	12%	16%
OPERATING COST PER HOUR /STANDARD \$91.70	\$99.63	\$95.35	\$97.13	\$97.44	\$71.44
COST PER PASSENGER /STANDARD \$20.38	\$47.93	\$50.74	\$48.06	\$48.89	\$25.89
SHORT DISTANCE BUS ROUTES*	3330	2507	3074	8911	39399
PASSENGERS PER HOUR /STANDARD 14	4.1	3.7	3.9	3.9	7.3
FAREBOX RATIO /STANDARD 10%	14%	10%	5%	10%	29%
OPERATING COST PER HOUR /STANDARD \$85.19	\$208.89	\$222.70	\$159.29	\$196.07	\$88.45
COST PER PASSENGER /STANDARD \$6.09	\$50.96	\$60.79	\$40.36	\$50.07	\$12.26
LONG DISTANCE BUS ROUTES**	1631	1422	1396	4449	19698
PASSENGERS PER HOUR /STANDARD 3.2	1.8	1.9	1.6	1.8	5.1
FAREBOX RATIO /STANDARD 10%	13%	8%	4%	9%	19%
OPERATING COST PER HOUR /STANDARD \$92.18	\$177.22	\$186.69	\$131.95	\$164.39	\$115.45
COST PER PASSENGER /STANDARD \$28.80	\$96.96	\$99.87	\$82.82	\$93.45	\$22.43
* 1 WILLITS LOCAL, 5 BRAGG ABOUT, 7 JITNEY, 9 UKIAH LOCAL, RCRC					
** 20 Willits/Ukiah, 60 COASTER, 65/66 CC RIDER, 75 GUALALA/UKIAH, 95 POINT ARENA/SANTA ROSA					



FY 20-21 RIDERSHIP PERFORMANCE BY ROUTE

	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	2020-21 YTD	2019-20 YTD	# Change	% Change
01 - Willits Local	469	396	276	346	208	324	262	0	0	0	0	0	2281	6969	(4,688)	-67%
03 - Ukiah - DAR	695	518	509	713	588	481	549	0	0	0	0	0	4053	8045	(3,992)	-50%
04 - Fort Bragg - DAR	420	346	519	494	436	399	423	0	0	0	0	0	3037	8577	(5,540)	-65%
05 - BraggAbout	657	637	543	420	330	444	414	0	0	0	0	0	3445	9226	(5,781)	-63%
07 - Jitney-Not Operating	0	0	0	0	0	0	0	0	0	0	0	0	0	809	(809)	-100%
08 - Ukiah Evening-Not Operating	0	0	0	0	0	0	0	0	0	0	0	0	0	7743	(7,743)	-100%
09 - Ukiah Local	2760	2382	2249	2564	1969	2306	1911	0	0	0	0	0	16141	67215	(51,074)	-76%
20 - Willits - Ukiah	800	665	647	737	557	609	490	0	0	0	0	0	4505	18680	(14,175)	-76%
60 - Coaster	158	153	223	273	233	251	224	0	0	0	0	0	1515	6202	(4,687)	-76%
64 - Ukiah to Fort Bragg	2	6	0	0	0	0	0	0	0	0	0	0	8	2706	(2,698)	-100%
65 - Fort Bragg to Santa Rosa	0	0	130	288	290	228	216	0	0	0	0	0	1152	7849	(6,697)	-85%
65A - New Route 65-Not Operating	0	0	0	0	0	0	0	0	0	0	0	0	0	3337	(3,337)	-100%
74 - Saturday Gualala-Ukiah	20	21	17	48	31	18	30	0	0	0	0	0	185	636	(451)	-71%
75 - M-F Gualala to Ukiah	306	281	228	238	199	193	139	0	0	0	0	0	1584	4517	(2,933)	-65%
95 - Pt. Arena to Santa Rosa	0	0	0	47	112	97	74	0	0	0	0	0	330	2916	(2,586)	-89%
97 - Redwood Coast Regional-Not Operating	0	0	0	0	0	0	0	0	0	0	0	0	0	1731	(1,731)	-100%
Monthly Totals	6287	5405	5341	6168	4953	5350	4732	0	0	0	0	0	38236	157158	(118,922)	-76%



FY 19-20 RIDERSHIP PERFORMANCE BY ROUTE

	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	2019-20 YTD
01 - Willits Local	1031	1166	970	1077	859	905	961	957	680	364	379	380	9729
03 - Ukiah - DAR	1308	1611	1032	1171	921	918	1084	1149	773	383	548	692	11590
04 - Fort Bragg - DAR	1669	1281	1167	958	1178	1098	1226	1077	591	152	165	365	10927
05 - BraggAbout	1237	1287	1373	1495	1203	1256	1375	1328	1097	601	318	668	13238
07 - Jitney	200	129	139	86	79	84	92	56	56	0	0	0	921
08 - Ukiah Evening	1278	1138	1077	995	789	1746	720	871	556	0	0	0	9170
09 - Ukiah Local	9938	10421	10400	10479	8813	8805	8359	8526	5671	2217	2397	2839	88865
20 - Willits - Ukiah	2424	2775	3267	3113	2483	2134	2484	2701	1827	600	626	858	25292
60 - Coaster	738	840	1000	1018	831	807	968	882	572	6	214	65	7941
64 - Ukiah to Fort Bragg	358	427	427	380	359	396	359	368	263	23	0	0	3360
65 - CC Rider	1054	1243	1235	1216	1081	1144	876	1001	531	15	12	2	9410
65A - New Route 65	493	514	550	549	421	425	385	451	266	1	13	0	4068
74 - Saturday Gualala-Ukiah	78	107	92	97	122	75	65	105	42	13	0	33	829
75 - M-F Gualala to Ukiah	547	726	841	740	596	548	519	552	438	145	173	288	6113
95 - Pt. Arena to Santa Rosa	384	442	539	428	412	323	388	352	188	0	0	0	3456
97 - Redwood Coast Regional	276	241	243	266	218	244	243	249	138	0	0	0	2118
Monthly Totals	23013	24348	24352	24068	20365	20908	20104	20625	13689	4520	4845	6190	207027



Meeting Date: February 24th, 2021

Agenda Item: # C.3

AGENDA SUMMARY REPORT

SUBJECT:

Preliminary Unaudited Financial Statements July - December 2020

SUMMARY:

Preliminary Unaudited Financial Reports for the Months of July to December 2020 from MTA's QuickBooks accounting system including the Statement of Net Position and Statement of Revenues and Expenses.

Revenue of \$2,267,766 is 70.0% of budgeted revenue of \$3,238,685 for the period.

Expenses of \$2,262,578 are 90.4% of budgeted expenses of \$2,503,933 for the period.

STAFF RECOMMENDATION:

Accept Unaudited Financial Statements for July through November 2020.

ATTACHMENTS:

Statement of Net Position as of December 31, 2020
Statement of Revenues and Expenses July through December 2020

Mendocino Transit Authority
Statement of Net Position
As of December 31, 2020

February 24th, 2021
Item C.3

ASSETS

Current Assets

Checking/Savings

101.900 · Cash

101.100 · Cash-Operating Total

Operating Cash 741,548

LCTOP Operating 163,522

Senior Operating 195,701

Payroll & Benefits - Operating 198,606

Total 101.100 · Cash-Operating Total 1,299,377

101.200 · Cash-Capital

101.202 · Capital Wkg-MUNIS #4100 538,514

101.203 · Cap CALOES -MUNIS #4140 83,526

101.204 · Capital PTMISEA-MUNIS #4230 269,468

101.220 · Capital PTMISEA-Umpqua #8115 101,670

101.227 · Cap LCTOP-Umpqua #2776 64,700

Total 101.200 · Cash-Capital 1,057,878

Total 101.900 · Cash 2,357,256

Total Accounts Receivable 471,418

Other Current Assets

Total 102.300 · Grants Receivable 289,920

Total 102.100 · Accounts Receivable Other 151,541

Total 103.990 · Inventory 48,068

Total 104.199 · Prepaid Expenses Total 212,057

Total Other Current Assets 701,585

Total Current Assets 3,530,258

Fixed Assets

Total 111.900 · Fixed Assets 21,064,620

Total 111.910 · Accumulated Depreciation -11,872,752

Total 121.900 · Intangible Total 15,000

Total 121.910 · Accum Amortization Total -15,000

Total Fixed Assets 9,191,868

Other Assets

Total 131.900 · Deferred Outflows of Resource 717,349

Total Other Assets 717,349

TOTAL ASSETS 13,439,475

Mendocino Transit Authority
Statement of Net Position
As of December 31, 2020

February 24th, 2021
Item C.3

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

Total Accounts Payable 556,447

Total Credit Cards 5,842

Other Current Liabilities

Total 202.100 - Deferred Grant Revenue 1,559,276

Total 203.160 - CalPERS Loan Repayments 21

205.700 - Uncashed Checks 8,862

205.900 - Accruals Total

205.200 - Accrued Payroll 34,274

205.500 - Accrued Vacation 143,926

205.600 - Accrued Sick Leave 71,117

Total 205.900 - Accruals Total 249,317

Total Other Current Liabilities 1,817,476

Total Current Liabilities 2,379,764

Long Term Liabilities

231.900 - Prov-Restricted Funds

231.100 - Provision for Liability 47,733

231.200 - Provision for Vehicle Damage 10,247

231.300 - Provision for Unemployment 99,207

231.400 - Provision for Cafeteria Plan 21,946

231.500 - Provision for Worker's Comp 199

Total 231.900 - Prov-Restricted Funds 179,332

235.300 - Deferred Inflows of Resource 181,311

235.910 - Pension Liabilities

231.101 - Net Pension Liability 1,720,638

Total 235.910 - Pension Liabilities 1,720,638

Total Long Term Liabilities 2,081,282

Total Liabilities 4,461,046

Equity

32000 - Unrestricted Net Assets -3,912,282

Total 399.900 - Equity 13,453,152

Net Income -562,442

Total Equity 8,978,429

TOTAL LIABILITIES & EQUITY 13,439,475

Mendocino Transit Authority
Statement of Revenues, Expenses
July through December 2020

	TOTAL		
	Jul - Dec 20	Budget	% of Budget
Ordinary Income/Expense			
Income			
411.000 · OPERATING REVENUE.			
401.100 · Fares-Passengers	77,637	137,500	56.5%
413.000 · Redwood Coast Regional Center	38,789	17,500	221.6%
409.200 · Sonoma County Contract	27,946	67,500	41.4%
Total 411.000 · OPERATING REVENUE.	144,371	222,500	64.9%
420.000 · REVENUES FROM OTHER SOURCES			
406.100 · Advertising Contract	41,619	32,500	128.1%
407.100 · Maintenance Revenue	19,586	13,250	147.8%
407.400 · Investment(Interest) Income	2,860	1,250	228.8%
407.500 · Other - Fuel Rebates, Etc.	497	275	180.6%
409.100 · Local Transportation Fund (LTF)	1,496,562	1,512,956	98.9%
409.110 · State Transit Assistance (STA)	417,318	417,319	100.0%
422.000 · 5310 Operating Assistance	124,905	55,000	227.1%
413.101 · 5311 Operating Assistance	0	265,886	0.0%
411.100 · LCTOP Cap & Trade - Operating	0	150,000	0.0%
424.260 · LCTOP Cap & Trade - Capital	0	5,250	0.0%
426.000 · Ag Van Leases	20,048	22,500	89.1%
426.500 · Maintenance Labor Revenue	0	12,500	0.0%
450.000 · CARES-5311	0	475,000	0.0%
460.000 · CARES-5311 (F)	0	52,500	0.0%
Total 420.000 · REVENUES FROM OTHER SOURCES	2,123,395	3,016,185	70.4%
Total Income	2,267,766	3,238,685	70.0%
Expense			
Total 501.100 · WAGES	1,285,613	1,105,117	116.3%
Total 510.000 · BENEFITS	536,207	689,966	77.7%
520.000 · SERVICE/USER FEES			
521.000 · Vehicle Technical Services	0	4,250	0.0%
521.250 · Towing	0	1,600	0.0%
521.500 · Property Maintenance Services	1,066	2,750	38.8%
521.700 · Contract IT Services	1,625	16,050	10.1%
503.202 · Legal Counsel	10,339	5,250	196.9%
508.100 · Purch. Trans (Willits DAR)	1,313	600	218.9%
523.000 · Marketing	5,337	7,500	71.2%
509.300 · Advertising, Legal Notices	7,303	7,500	97.4%
524.000 · Software Maintenance Fees	109	7,125	1.5%
524.200 · Drug & Alcohol Services	1,568	5,500	28.5%
525.000 · Facility Security System	0	3,600	0.0%
525.500 · Accident / Incident Payables	0	7,500	0.0%
503.200 · Professional & Technical Svcs	30,401	37,500	81.1%
Total 520.000 · SERVICE/USER FEES	59,061	106,725	55.3%
530.000 · MATERIALS & SUPPLIES			
504.110 · Fuel	89,117	225,000	39.6%
504.120 · Tires	9,882	15,000	65.9%
504.115 · Lubrication	5,015	12,500	40.1%
532.500 · Tools	16	750	2.2%
504.100 · Vehicle Maint & Repair Parts	16,175	26,500	61.0%
504.200 · Parts	13	1,050	1.3%

Mendocino Transit Authority
Statement of Revenues, Expenses
July through December 2020

February 24th, 2021
Item C.3

	TOTAL		
	Jul - Dec 20	Budget	% of Budget
504.610 · Shop Supplies	145	10,750	1.3%
534.000 · Vehicle Accessories	0	600	0.0%
504.620 · Facilities,Maint & Repair Parts	11,211	15,000	74.7%
504.400 · Office Supplies	10,651	18,750	56.8%
509.200 · Printing (Schedules,brochures)	3,289	7,500	43.8%
536.700 · Computer Programs & Supplies	402	2,500	16.1%
537.000 · Safety & Emergency Supplies	50	750	6.7%
537.500 · Other Materials & Supplies	1,681	2,750	61.1%
Total 530.000 · MATERIALS & SUPPLIES	147,646	339,400	43.5%
540.000 · UTILITIES.			
541.000 · MTA Base -Water, Sewer & Waste	4,289	6,000	71.5%
541.250 · FB-Water,Sewer, Waste & Propane	1,845	1,600	115.3%
541.500 · Willitts-Water, Sewer & Waste	1,225	1,000	122.5%
542.000 · PG&E-Ukiah, Fort Bragg,Willitts	3,817	4,750	80.4%
543.000 · TPX- Ukiah Phones / Internet	15,950	12,500	127.6%
543.250 · Comcast-Fort Bragg Phones/Inter	550	750	73.3%
543.500 · SEAKAY-South Coast Tel/Internet	0	750	0.0%
544.000 · Verizon-Admin / OPS Cellular	11,218	12,500	89.7%
Total 540.000 · UTILITIES.	38,894	39,850	97.6%
560.000 · VEHICLE,CASUALTY & LIABILITY			
506.100 · Premiums - Liab & Prop Dam Ins	169,243	195,000	86.8%
Total 560.000 · VEHICLE,CASUALTY & LIABILITY	169,243	195,000	86.8%
570.000 · TAXES			
571.000 · Taxes-State Bd of Equalization	220	2,500	8.8%
573.000 · Other Licensing & Fees	228	1,250	18.3%
Total 570.000 · TAXES	448	3,750	12.0%
580.000 · MISCELLANEOUS			
504.510 · Dues & Subscriptions	3,298	5,125	64.4%
502.700 · Travel	2,479	3,750	66.1%
582.250 · Board Expenses	30	2,750	1.1%
583.000 · Safety Program	0	2,250	0.0%
509.800 · Training	1,961	1,750	112.0%
584.500 · CDL & DOT Physical Expenses	815	1,750	46.6%
509.100 · Other Miscellaneous	1,125	1,750	64.3%
Total 580.000 · MISCELLANEOUS	9,708	19,125	50.8%
590.000 · LEASES & RENTALS			
591.000 · Leases & Rentals	15,757	5,000	315.1%
Total 590.000 · LEASES & RENTALS	15,757	5,000	315.1%
Total Expense	2,262,578	2,503,933	90.4%
Other Expense			
State of Good Repair & CARES Expenses	33,150		
Net Income	-27,962	734,753	
Depreciation Expense	534,480		
Net Income after Depreciation	-562,442		

2020-2021 UNMET NEEDS REQUESTS			
Date	City	Requestor	Service Requested
7/29/2020		Director Richard	Round trip service from Ukiah to South Coast and round trip service from Ukiah to Fort Bragg/Mendocino
01/27/2021	Point Arena	Director Dahlhoff	Addition of local south coast service Gualala to Manchester
1/28/2021	Potter Valley	Community Member	Addition of transit service to Potter Valley
1/28/2021	Mendocino County	MTA/MCOG Identified Need.	Microtransit services for the communities of Brooktrails, Potter Valley, Hopland, Covelo and Laytonville.

2019-2020 UNMET NEEDS REQUESTS			
Date	City	Requestor	Service Requested
7/31/2019	Willits	Public Comment	Additional northbound stops in Willits
8/2/2019	Via: Telephone	Community Member	Brooktrails
8/2/2019	Via: Telephone	Community Member	Connection with Humboldt Transit
8/2/2019	Via: Telephone	Community Member	Add Service to Covelo, Leggett, Laytonville
8/28/2019	Via: Telephone	Community Member	Roundtrip to City of 10,000 Buddahs Temple
9/25/2019	Fort Bragg Meeting	Director Gjerde	Add Service Covelo, Leggett, Laytonville
9/25/2019	Ukiah Meeting	Community Member	Saturday local service in Willits
12/11/2019	Ukiah Meeting	Community Member	Full Service day after Thanksgiving
03/09/2020	Via: Email	Community Member	Add Roundrip Ukiah/Hopland
04/29/20	Via: Email	Community Member	Research clean mobility grants for bikes and scooters
06/24/20	Board Meeting	Chair Rodriguez	Community request resumption of Route 65



Meeting Date: February 24, 2021

Agenda Item: D.2

AGENDA SUMMARY REPORT

SUBJECT:

Discussion and Possible Adoption of a Resolution Approving a Retroactive Employment Contract between MTA and Jacob King for the position of Executive Director for Mendocino Transit Authority.

SUMMARY:

On January 27, 2021 the MTA Board of Directors appointed Jacob King to the position of Executive Director. At that time the Board also directed staff to returned in February with an employment contract

STAFF RECOMMENDATION:

Adopt Resolution 2021-02 approving a retroactive employment contract for the position of Executive Director.

ATTACHMENTS

Resolution 2021-02
Employment Contract

**RESOLUTION
OF THE
MTA BOARD OF DIRECTORS
APPOINTING AN EXECUTIVE DIRECTOR
No. 2021-02**

February 24, 2021
Agenda Item D.2

WHEREAS, the Mendocino Transit Authority (the "Authority" or "MTA") is a public transit agency organized under the laws of the State of California and was created to transact and exercise all of the powers provided for in the Joint Powers Authority (JPA) and the MTA Board Bylaws; and

WHEREAS, the Authority's Board of Directors ("Board") shall appoint an Executive Director; and

WHEREAS, the appointment of an Executive Director is based on an individual's qualifications, with special reference to the person's actual experience in or knowledge of accepted practices with respect to the duties of the office; and

WHEREAS, the Board of Directors took action at its January 27, 2021 Board meeting to appoint Jacob King to the position of Executive Director and directed staff to return to the Board with an employment contract on February 24, 2021; and

WHEREAS, Jacob King has served as MTA's Interim Executive Director and has served as the Operations Manager for the Authority; and

WHEREAS, the Board values the experience and skills of Jacob King and has identified Mr. King to be qualified to serve as Executive Director; and

WHEREAS, the Authorities rules and procedures require the Board to hire and set the salaries of the Executive Director.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Mendocino Transit Authority:

1. That the Board hereby appoints Jacob King as Executive Director effective January 27, 2021.
2. That the Board hereby approves the Employment Agreement for Executive Director attached hereto as Exhibit A which sets Jacob King's annual base salary at \$115,323.82 with a 6-month informal performance evaluation and annual performance evaluations thereafter and which provides for other terms and conditions of employment as Executive Director.
3. That Mr. King receive 5 additional days each fiscal year of compensatory time.
4. Mr. King shall be entitled to the same benefits he is currently receiving which are Blue Shield Health, MES Vision, and Arrow Dental paid for by MTA.
5. That Mr. King be provided use of an MTA owned vehicle.
6. That the Board has the full authority to take future action to terminate the employment of Jacob King as the Executive Director on the terms and conditions set forth in the Employment Agreement.
7. That the Board formally ratifies all action taken by the Authority, including those taken by staff, necessary or appropriate to this action.

APPROVED AND ADOPTED this 24th day of February 2021 by the following roll call vote:

Ayes:

Noes:

Abstain:

Absent:

_____ Saprina Rodriguez, Chair Board of Directors

**MENDOCINO TRANSIT AUTHORITY
EMPLOYMENT AGREEMENT
FOR EXECUTIVE DIRECTOR**

This Agreement is entered into, effective the 27th day of January 2021, by and between the Mendocino Transit Authority, a joint powers authority operating in the County of Mendocino (hereinafter called the "MTA") and Jacob King (hereinafter called "King").

1. DUTIES: MTA hereby agrees to employ King as Executive Director, to perform the duties of the Executive Director. King will be subject to the direction and control of the MTA Board of Directors, agrees to act as Executive Director of MTA and perform such duties as may be assigned by the MTA Board of Directors. King shall devote sufficient productive time, ability, and energy to accomplish his duties and responsibilities as Executive Director, subject to the satisfaction of the MTA Board of Directors. King may not engage in other employment. Should overtime become necessary to fulfill the responsibilities under this contract, King agrees that said overtime will not be compensated. However, the MTA Board of Directors hereby grants compensatory time off in the amount of 40 hours each fiscal year in addition to King's 20 days per year currently authorized by MTA policy.

2. COMPENSATION AND BENEFITS: King's base compensation shall be \$115,323.82 per year (\$9,610.32 per month). The other elements of King's compensation package ("Benefits") shall remain unchanged and include Blue Shield Health, MES Vision, and Arrow Dental paid for by MTA for Mr. King only, unless MTA amends this Agreement. Mr. King will not receive longevity pay. Mr. King will also be granted use of an MTA owned vehicle through the term of this agreement. King shall not be entitled to any other compensation than expressly stated in this paragraph.

3. TERM: The term of this Agreement shall be for the period beginning on its effective date, described above, and continuing until January 27, 2022.

4. TERMINATION: King acknowledges, in the position of Executive Director, he is an at-will employee who serves at the pleasure of the MTA Board of Directors and no cause is necessary to terminate King's employment, and no specified term of employment is guaranteed or implied. Either King or MTA may terminate this Agreement at any time with 90 days' notice to the other party.

5. GOVERNMENT CODE PROVISIONS: Any payment pursuant to this Agreement shall be subject to the limitations and requirements for MTA to be fully reimbursed if the Employee is convicted of a crime involving an abuse of the Employee's office or position pursuant to the provisions of Government Code sections 53243 through 53244.

6. GENERAL PROVISIONS: This Agreement sets forth and establishes the entire agreement between the MTA and King regarding his appointment as Executive Director. This Agreement may only be amended in writing by mutual consent of the MTA Board of Directors and King. Within the conditions established by California law, and the MTA's ordinances, policies, and procedures, the MTA will defend and indemnify King against all claims arising out of King's exercise of the course and scope of the official duties described in Paragraph 1, above.

- a. Notices. Any notice to be given by either party to the other shall be in writing and shall be considered delivered when transmitted either by personal delivery, overnight mail or by mail, registered or certified, postage pre-paid with return receipt requested and properly addressed as follows:

To MTA: Chairperson, Board of Directors
 241 Plant Road
 Ukiah, CA 95482

To Employee: Jacob King
 1840 Buckeye Road
 Willits, CA 95490

- b. Waiver. The waiver of any breach of any provision hereunder by either party to this Agreement shall not be deemed to be a waiver of any other provision or subsequent breach hereunder, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.
- c. Construction of Terms. The language of all parts of this Agreement shall be construed according to their plain meaning and shall not be construed for or against either party. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendment or exhibits hereto.
- d. Severability. If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be unenforceable, void or invalid, in whole or in part, for any reason, the remainder of this Agreement shall remain in full force and effect. In the event of such entire or partial invalidity, the parties hereto agree to enter into supplemental or other agreements to effectuate the intent of the parties and the purpose of this Agreement.
- e. Controlling Law. This Agreement shall be construed in accordance with and governed by the laws of the State of California, with venue proper only in the County of Mendocino, State of California.
- f. Entire Agreement. This Agreement constitutes the entire Agreement between the parties pertaining to the employment of King as Executive Director and supersedes all prior and contemporaneous agreements, representations, promises and understanding of the parties, whether oral or in writing. No supplement, modification or amendment of this Agreement shall be binding, unless executed in writing by all parties and this Agreement shall not be altered, amended, or modified by any other means.
- g. Other Terms and Conditions of Employment. The MTA Board of Directors, in consultation with King, may fix any such other terms and conditions of employment relating to the performance of King, provided the terms and conditions do not conflict with the provisions of this Agreement.

IN WITNESS WHEREOF, the above parties have executed this Agreement as of the date first written above:

MENDOCINO TRANSIT AUTHORITY

Saprina Rodriguez, Chairwoman

Jacob King

APPROVED AS TO FORM

Genevieve Ng, Sloan Sakai



Meeting Date: February 24th, 2021

Agenda Item: D.3

AGENDA SUMMARY REPORT

SUBJECT:

Discussion and Possible Acceptance of Draft Financial Compliance Audit for Fiscal Year 2019-2020.

SUMMARY:

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.

STAFF RECOMMENDATION:

Accept the Draft Fiscal Year 2019-2020 Annual Fiscal Compliance Audit.

ATTACHMENTS:

Mendocino Transit Authority Basic Financial Statements June 30, 2020.

DRAFT

February 24, 2021
Agenda Item D.3

2/17/2021

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, 2020

TABLE OF CONTENTS

	<u>PAGE</u>
Report on Internal Controls	1
Required Communications	2-3
Management Observations	4

DRAFT

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, 2020, 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.

R.J. 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, 2020. 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 October 16, 2020, 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 (Audit Adjustments)

Professional standards require us to accumulate all known and likely adjustments identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such adjustments. Of the 2 adjustments detected as a result of audit procedures and corrected by management, most were material, either individually or in the aggregate, to the financial statements taken as a whole.

To the Board of Directors
Mendocino Transit Authority – Page 2

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 xx/xx/xx.

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's 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, 2020

Current Year Observations

1) Annual Losses and Fare Box Ratio

Observation:

During the course of the audit we noted the Authority has been reporting losses for the last three years. The increase in the Authority's costs can result in non-compliance with the Transportation Development Act's Fare Box Ratio regulations.

Recommendation:

We recommended the Authority develop a written plan to reduce costs and future losses. This should include ongoing monthly monitoring of expenses to ensure they do not exceed annual revenues. Fare Box ratio compliance should also be monitored quarterly.

Prior Year Observations

2) Bank Statements and Reconciliations

Observation:

During the course of the audit we noted the review of the monthly banks statements and related reconciliations was not documented. The review should be performed by someone other than the preparer of the reconciliations.

Recommendation:

We recommended the reviews be documented by initialing or signing the bank statement and related reconciliation.

Status:

In the 19-20 year we also noted the review of the Authority's credit card statements was not documented.

DRAFT

February 24, 2021
Agenda Item D.3

2/18/2021

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

UKIAH, CALIFORNIA

BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1-2
Financial Section	
Basic Financial Statements:	
Management's Discussion and Analysis	3-6
Statements of Net Position - Proprietary Fund - Enterprise	7
Statements of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund - Enterprise	8
Statements of Cash Flows - Proprietary Fund - Enterprise	9
Notes to Financial Statements	10-22
<u>Required Supplemental Information</u>	
Proportionate Share of Net Pension Liability (Asset)	23
Schedule of Contributions	24
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	25

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, 2020 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. Those 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, 2020, 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 2019 financial statements, and our report dated May 11, 2020 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, 2019, 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 23-24 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

Mendocino Transit Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

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, 2020. 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, 2020

Analytical Overview

Table 1
Business-Type Net Position

	2020	2019	2018
Current assets	\$ 3,287,983	\$ 2,739,290	\$ 3,632,935
Capital assets	9,687,561	10,397,496	11,118,758
Total assets	12,975,544	13,136,786	14,751,693
Deferred outflows of resources	717,349	705,833	701,870
Current liabilities	2,075,312	1,054,453	1,349,703
Long-term liabilities	1,797,406	1,563,664	1,527,654
Total liabilities	3,872,718	2,618,117	2,877,357
Deferred inflows of resources	181,311	148,130	176,255
Net position			
Invested in capital assets	9,687,561	10,397,496	11,118,758
Unrestricted	(1,401,553)	(687,971)	61,872
Restricted	1,352,856	1,366,847	1,219,321
Total net position	\$ 9,638,864	\$ 11,076,372	\$ 12,399,951

The Authority's governmental net position amounted to \$9,638,864 as of June 30, 2020, a decrease of \$1,437,508 from 2019. 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, 2020 comprised the following:

- Cash and investments of \$2,137,126 held with the Mendocino County Treasury.
- Other assets comprised accounts receivables of \$138,112, grants receivables of \$919,228, inventory items of \$70,495 and prepaid items of \$23,024.
- Capital assets of \$9,687,561, net of depreciation charges, which include all the Authority's capital assets.
- Accounts payable of \$320,038.
- Other liabilities comprise deferred revenue of \$-, compensated absences of \$212,820, an accrued liability for self-insurance of \$235,425 and net pension liability of \$1,797,406.
- Net position invested in capital assets of \$9,687,561, representing the Authority's investment in capital assets.
- Restricted net position totaling \$1,352,856 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 \$(1,401,553) of unrestricted net position as of June 30, 2020.

Mendocino Transit Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

Comparative Analysis of Current and Prior Year Activities and Balances

Table 2
Changes in Net Position

	6/30/20	6/30/19	6/30/18	Increase (Decrease) between 2020-2019	
Operating revenues	\$ 709,472	\$ 957,692	\$ 951,502	\$ (248,220)	Note 1
Operating expenses	6,726,939	6,971,989	6,397,857	(245,050)	Note 2
Net operating income	<u>\$ (6,017,467)</u>	<u>\$ (6,014,297)</u>	<u>\$ (5,446,355)</u>	<u>\$ (3,170)</u>	
Non-operating revenues (expenses)	<u>\$ 4,579,959</u>	<u>\$ 4,690,718</u>	<u>\$ 4,705,905</u>	<u>\$ (110,759)</u>	Note 3

As Table 2 above shows, \$709,472, or 14% of the Authority's fiscal year 2020 revenue, came from operating revenues which consisted of fares, contract services, charters, advertisements, and Sonoma County participation, and \$4,539,181, or 86%, came from non-operating revenues such as local transportation funds, capital grants and planning grants.

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

Note 2 - This decrease in operating expenses relates to decrease 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, 2020, the Authority's investment in capital assets was \$9,687,561 (net of accumulated depreciation). The Authority added (net of dispositions) \$357,922 of facilities, vehicles and equipment in fiscal year 2020. 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, 2020

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.

DRAFT

Mendocino Transit Authority
STATEMENTS OF NET POSITION
Proprietary Fund - Enterprise
June 30, 2020
(With Comparative Totals as of June 30, 2019)

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and investments	\$ 784,270	\$ 360,579
Restricted cash and investments	1,352,856	1,366,847
Accounts receivable	138,112	193,905
Grants receivable	919,228	696,482
Inventories	70,495	72,642
Prepaid items	23,022	48,835
Total current assets	<u>3,287,983</u>	<u>2,739,290</u>
Capital assets:		
Non-depreciable	360,782	360,782
Depreciable, net of accumulated depreciation	<u>9,326,779</u>	<u>10,036,714</u>
Total assets	<u>12,975,544</u>	<u>13,136,786</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred outflows of resources	<u>717,349</u>	<u>705,833</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	320,038	124,414
Contracts payable	-	56,269
Deferred revenue	1,307,029	440,538
Compensated absences	212,820	227,519
Accrued liability for self-insurance	<u>235,425</u>	<u>205,713</u>
Total current liabilities	<u>2,075,312</u>	<u>1,054,453</u>
Long-term liabilities:		
Net pension liability	<u>1,797,406</u>	<u>1,563,664</u>
Total liabilities	<u>3,872,718</u>	<u>2,618,117</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred inflows of resources	<u>181,311</u>	<u>148,130</u>
<u>NET POSITION</u>		
Invested in capital assets	9,687,561	10,397,496
Restricted for specialized services	1,352,856	1,366,847
Unrestricted	<u>(1,401,553)</u>	<u>(687,971)</u>
Total net position	<u>\$ 9,638,864</u>	<u>\$ 11,076,372</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, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020	2019
Operating revenues:		
Fares	\$ 414,816	\$ 590,096
Nonpublic service contract	58,757	66,929
Advertisement	112,304	128,467
Sonoma County participation	123,595	172,200
Total revenues	<u>709,472</u>	<u>957,692</u>
Operating expenses:		
Transportation	3,350,413	3,214,453
Transportation - specialized	36,441	1,221
Maintenance	1,225,036	884,971
Administrative and overhead	1,027,147	1,350,743
Capital asset	20,044	287,806
Other unallocated		124,053
Depreciation	1,067,858	1,108,742
Total operating expenses	<u>6,726,939</u>	<u>6,971,989</u>
Operating income (loss)	<u>(6,017,467)</u>	<u>(6,014,297)</u>
Non-operating revenues (expenses):		
Local transportation fund	2,993,123	2,661,288
Local transportation fund - specialized	26,500	489,538
State transit assistance	946,179	300,000
Operating grants	411,101	814,989
Capital grants	-	278,925
Planning grants	79,311	68,000
Senior center revenue	-	-
CalOES	21,950	
Interest income	12,315	4,261
Other income	48,413	1,160
Maintenance labor	41,067	72,557
Total non-operating revenues (expenses)	<u>4,579,959</u>	<u>4,690,718</u>
Change in net position	(1,437,508)	(1,323,579)
Net position - beginning of period	<u>11,076,372</u>	<u>12,399,951</u>
Net position - end of period	<u>\$ 9,638,864</u>	<u>\$ 11,076,372</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, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020	2019
Cash flows from operating activities:		
Receipts from customers	\$ 709,472	\$ 957,692
Payments to suppliers	(389,012)	(2,201,736)
Payments to employees	(3,909,575)	(3,960,943)
Net cash provided (used) by operating activities	(3,589,115)	(5,204,987)
Cash flows from noncapital financing activities:		
Local transportation funds	2,963,354	3,207,095
Operating grants	266,099	1,412,702
State transit assistance	946,179	300,000
Planning grants	79,311	68,000
Other income	48,413	1,160
Maintenance labor	41,067	72,557
Net cash provided (used) by noncapital financing activities	4,344,423	5,061,514
Cash flows from capital and related financing activities:		
Senior center capital outlay	-	278,925
Purchase of fixed assets	(357,923)	(387,479)
Net cash provided (used) by capital and related financing activities	(357,923)	(108,554)
Cash flows from investing activities:		
Interest earned	12,315	4,261
Net cash provided by investing activities	12,315	4,261
Net increase (decrease) in cash and cash equivalents	409,700	(247,766)
Cash and cash equivalents - beginning of period	1,727,426	1,975,192
Cash and cash equivalents - end of period	\$ 2,137,126	\$ 1,727,426
Reconciliation of operating income (loss) to net cash provided (used in) operating activities:		
Operating income (loss)	\$ (6,017,467)	\$ (6,014,297)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	1,067,858	1,108,742
Changes in certain assets and liabilities:		
Inventories	2,147	32,838
Prepaid costs	25,813	15,328
Deferred revenue	866,491	23,423
Accounts payable and accruals	195,623	(328,427)
Accrued liability for self insurance	29,712	(43,484)
Deferred outflows	(11,516)	(3,963)
Deferred inflows	33,181	(28,125)
Net pension liability	233,742	36,010
Compensated absences	(14,699)	(3,032)
Total adjustments	2,428,352	809,310
Net cash provided (used) by operating activities	\$ (3,589,115)	\$ (5,204,987)
Cash and investments	\$ 784,270	\$ 360,579
Restricted cash and investments with fiscal agent	1,352,856	1,366,847
Total cash and cash equivalents	\$ 2,137,126	\$ 1,727,426

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

Mendocino Transit Authority
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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, 2020

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 30 years. Depreciation expense was \$1,067,858 for the year ended June 30, 2020. 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 become 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 \$142,684 at June 30, 2020, and 25% of the value of accrued sick leave was \$70,136 at June 30, 2020, and are recorded by the Authority as a liability. The total compensated absences liability was \$212,820 at June 30, 2020.

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, 2020

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, 2019 was \$681,819.

K. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously 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, 2020 consist of the following:

Specialized Services	\$ 229,763
County of Mendocino	1,285,370
Cash deposit with banks	621,493
Petty cash	500
Total	<u>\$ 2,137,126</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.

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, 2020

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, 2020, 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 a portfolio will lose some or all of its value due to a real or perceived change in the ability of the 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, 2020.

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.

Fair Value Reporting - Investments

The Authority categorizes the fair value measurements of its investments within the fair value hierarchy established by GAAP. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. These levels are determined by the Authority's investment manager based on a review of the investment class, structure and what kind of securities are held in the portfolio. The Authority's holdings are classified in Level 1 of the fair value hierarchy.

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, 2020 was \$1,352,856.

Mendocino Transit Authority
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 4 - CAPITAL ASSETS

Capital assets as of June 30, 2020 consist of the following:

	Beginning Balance	Additions	Dispositions	Ending Balance
Land (not depreciated)	\$ 360,782	\$ -	\$ -	\$ 360,782
Facility	9,792,763	30,459	-	9,823,222
Staff vehicles	330,017	-	-	330,017
Radios, fare boxes, steps	913,800	95,068	-	1,008,868
Garage equipment	246,021	-	-	246,021
Shelters	519,209	7,517	-	526,726
Office equipment	391,615	13,263	6,810	398,068
Revenue vehicles	<u>8,120,514</u>	<u>211,615</u>	<u>-</u>	<u>8,332,129</u>
Subtotal	20,674,721	<u>\$ 357,922</u>	<u>\$ 6,810</u>	21,025,833
Accumulated depreciation	<u>(10,277,225)</u>			<u>(11,338,273)</u>
Net book value	<u>\$ 10,397,496</u>			<u>\$ 9,687,561</u>

Depreciation expense for the year ended June 30, 2020 was \$1,067,858.

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 multiple 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, 2020, are summarized as follows:

Mendocino Transit Authority
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 5 - DEFINED BENEFIT PENSION PLAN (continued)

	<u>Authority Miscellaneous</u>	
	<u>Prior to</u>	<u>On or after</u>
	<u>January 1, 2013</u>	<u>January 1, 2013</u>
Hire date	2% @ 60	2% @ 62
Benefit formula	5 years service	5 years service
Benefit vesting schedule	monthly for life	monthly for life
Benefit payments	50 – 60	52 - 67
Retirement age	2.0% to 2.418%	1.0% to 2.5%
Monthly benefits, as a % of eligible compensations	7%	6.244%
Required employee contribution rates	6.7097%	6.237%
Required employer contribution rates		

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 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 contribution rate of employees.

For the year ended June 30, 2020, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>Miscellaneous</u>
Contributions - employer	\$305,721

As of June 30, 2020, the Authority reported net pension liabilities for its proportionate shares of the net pension liability of the Miscellaneous Plans as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	<u>\$ 1,797,406</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, 2019, 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, 2018. 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, 2019 and 2018 was as follows:

<u>Authority's Miscellaneous Plan</u>	<u>Miscellaneous</u>
Proportion - June 30, 2018	.01623%
Proportion - June 30, 2019	.01754%
Change – Increase (Decrease)	.000131%

Mendocino Transit Authority
NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE 5 - DEFINED BENEFIT PENSION PLAN (continued)

For the year ended June 30, 2020, the Authority recognized pension expense of \$258,298. At June 30, 2020, 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	\$ 305,721	\$ -
Differences between actual and expected experience	124,837	9,672
Changes in assumptions	85,709	30,383
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	201,082	-
Difference between the employer's contributions and the employer's proportionate share of contributions.	-	109,832
Net differences between projected and actual earnings on plan investments	-	31,424
Total	<u>\$ 717,349</u>	<u>\$ 181,311</u>

The \$305,721 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, 2021. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	
2021	\$ 182,377
2022	21,879
2023	19,710
2024	(14,064)
2025	-
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, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.0%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15% ⁽¹⁾
Mortality	Derived using CalPERS Membership Data for all Funds ⁽²⁾

Mendocino Transit Authority
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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 15 years of mortality improvements using 90% of Society of Actuaries Scale MP. For more details on this table, please refer to the CalPERS 2018 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 7.15 percent used for the June 30, 2018 measurement date was net of administrative expenses. The discount rate of 7.15 percent used for the June 30, 2018 measurement date is without reduction of pension plan administrative expense. All other assumptions for the June 30, 2017 measurement date were the same as those used for the June 30, 2018 measurement date.

Discount Rate

The discount rate used to measure the total pension liability was 7.15% 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 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 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, 2020

NOTE 5 - DEFINED BENEFIT PENSION PLAN (concluded)

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10</u>	<u>Real Return Years 11+</u>
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	(0.92)%
Total	<u>100%</u>		

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:

	<u>Miscellaneous</u>
1% Decrease	6.15%
Net Pension Liability	\$3,160,956
Current Discount Rate	7.15%
Net Pension Liability	\$1,797,406
1% Increase	8.15%
Net Pension Liability	\$671,892

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, 2020 consist of the following:

CalPERS 457	\$ 60,022
Total	<u>\$ 60,022</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, 2020

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, 2020 consisted of \$702,347 federal section 5311 grants. The balance of the deferred revenue consists of \$407,334 in the Low Carbon Transit Operations Program, \$26,809 in CAL-OES capital income and \$170,539 in the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTIMSEA). The total at June 30, 2020 was \$1,307,029.

NOTE 10 - FARE REVENUE RATIO

The Authority is required under the Transportation Development Act to maintain a fare revenue to operating expenses ratio of 10%. The calculation of the fare revenue ratio for the year ended June 30, 2020, is as follows:

Fare revenues	\$ 414,816
Operating expenses	\$ 6,726,939
Less: depreciation	1,067,858
Less: cost of specialized services	36,441
Less: contract and charter services, senior administration, maintenance labor and mobility management	-
Total	<u>\$ 5,622,640</u>
Fare revenue ratio	7.4%

The Authority has not met the required farebox revenue ratio. In response to the COVID-19 pandemic crisis relief measures have been put in place for transit agencies statewide. The following TDA regulations have been temporarily eliminated and noted for reference purposes only. The TDA regulations allow a grace year for the first year an operator does not meet the required farebox revenue ratio. The second year the ratio is not met is the noncompliance year. Failure to meet the ratio during these two years does not result in any penalties to the Authority. However, if the Authority does not meet the required ratio for a third year (determination year) the Authority would be subjected to reduced funding in the fourth year (penalty year). Funding for the fourth year would be reduced by the difference between the required 10 percent farebox ratio revenue amount and the actual farebox revenues received, per Section 6633.9 of the TDA. The amount of reduced TDA funding, if any, cannot be determined at this time.

Mendocino Transit Authority
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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.

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, 2020, the Authority contributed \$207,610 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 the 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, 2020 are as follows:

	2020
Liability	50,069
Vehicle damage	10,247
Employee benefits	155,040
Workers' compensation	8,123
Cafeteria plan	11,946
Total	<u>\$ 235,425</u>

Mendocino Transit Authority
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 11 - RISK MANAGEMENT (concluded)

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, 2020.

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, 2019 valuation report. The fiscal year ending June 30, 2020 estimate was \$60,316.

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, 2020, the Authority received \$3,019,623. This amounts to 58% 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 rolling 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, 2020, the Authority has received a total of \$4,370,369 in PTMISEA proceeds and related interest, of which qualifying expenditures totaled \$4,370,369. 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, 2020, PTMISEA funds received and expended were verified in the course of our audit as follows:

Balance at June 30, 2019	\$ 170,539
PTMISEA received	-
Expenditures incurred:	
Transit buses	_____ (-)
Unexpended proceeds at June 30, 2020	<u>\$ 170,539</u>

Mendocino Transit Authority
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 14 - SUBSEQUENT EVENTS

Coronavirus Pandemic

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) began to spread among various countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S., including California, have declared a state of emergency and issued shelter-in-place orders in response to the outbreak. The immediate impact to the Authority's operations includes restrictions on employees' and volunteers' ability to work, and it is anticipated that the impacts from this pandemic will continue for some time. As of the report date, the financial impact of the coronavirus outbreak cannot be measured.

DRAFT

REQUIRED SUPPLEMENTAL INFORMATION

Mendocino Transit Authority
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY

As of June 30, 2020

Last 6 Years

Schedule of the Proportionate Share of the Net Pension Liability (Measurement Date)	Miscellaneous Plan 2019	Miscellaneous Plan 2018	Miscellaneous Plan 2017	Miscellaneous Plan 2016	Miscellaneous Plan 2015	Miscellaneous Plan 2014
Proportion of the net pension liability	0.017540%	0.016230%	0.015404%	0.014549%	0.011889%	0.015799%
Proportionate share of the net pension liability	\$ 1,797,406	\$ 1,563,664	\$ 1,527,654	\$ 1,258,942	\$ 816,711	\$ 983,080
Covered - employee payroll	\$ 2,546,696	\$ 2,375,217	\$ 2,154,914	\$ 2,133,007	\$ 2,119,045	\$ 1,967,075
Proportionate share of the net pension liability as a percentage of covered-employee payroll	70.58%	65.83%	70.89%	59.02%	38.54%	49.98%
Plan fiduciary net position as a percentage of the total pension liability	75.26%	75.26%	73.31%	74.06%	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
SCHEDULE OF CONTRIBUTIONS
As of June 30, 2020
Last 6 Years

SCHEDULE OF CONTRIBUTIONS

<u>Fiscal Year End</u>	Miscellaneous Plan 2020	Miscellaneous Plan 2019	Miscellaneous Plan 2018	Miscellaneous Plan 2017	Miscellaneous Plan 2016	Miscellaneous Plan 2015
Contractually required contribution (actuarially determined)	\$ 305,721	\$ 254,376	\$ 215,248	\$ 184,327	\$ 165,348	\$ 164,914
Contributions in relation to the actuarially determined contributions	(254,376)	(254,376)	(215,264)	(184,327)	(165,348)	(164,914)
Contribution deficiency (excess)	<u>\$ 51,345</u>	<u>\$ -</u>	<u>\$ (16)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll during the fiscal year	\$ 2,503,504	\$ 2,546,696	\$ 2,375,217	\$ 2,154,914	\$ 2,133,007	\$ 1,919,529
Contributions as a percentage of covered-employee payroll	12.21%	9.99%	9.06%	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, 2020 and have issued a report thereon dated XX/XX/XX.

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 5554 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