



MEETING NOTICE & AGENDA

DATE: Thursday, January 17, 2018

TIME: 4:00 P.M.

PLACE: Yuba County Board of Supervisors Chambers
Yuba County Government Center
915 8th Street
Marysville, California

I. Call to Order & Roll Call

Cardoza (Chair), Fletcher, Hudson, Leahy (Vice-Chair), Samayoa, Shaw, Sullenger and Whiteaker

II. Board Business

A. Nomination and Election of Board Officers for 2019.

1. Chair
2. Vice-Chair

B. Statements of Economic Interest for 2018. (Attachment)

C. Annual Board Report. (Attachment)

III. Public Business from the Floor

Members of the public may address the Authority on items of interest that are within the Authority's jurisdiction and are not on the agenda for this meeting. Public comment regarding agenda items will be permitted as each agenda item is considered by the Board.

IV. Consent Calendar

All matters listed under Consent Calendar are considered to be routine and can be enacted in one motion. There will be no separate discussion of these items prior to the time the Board votes on the motion unless members of the Board, staff or public request specific items to be discussed or removed from the Consent Calendar for specific action.

A. Minutes from the Meeting of December 20, 2018. (Attachment)

B. Disbursement List for December 2018. (Attachment)

C. Monthly Performance Report for December 2018. (Attachment)

V. Reports

A. Bus Stop Improvement Project Authorization to Proceed. Authorization consideration for the purchase and installation of bus stop benches, shelters and related improvements. (Attachment)

RECOMMENDATION: Authorize the purchase and installation of specified bus stop furnishings and related improvements as proposed

B. Fare Structure and Fare Policy Adjustments. Discussion and possible direction regarding potential fare and fare policy adjustments. (Attachment)

RECOMMENDATION: Appoint an Ad Hoc Committee to develop fare structure and fare policy recommendations for future consideration.

C. Authorization to Fill the Vacant Program Analyst I/II Position. (Attachment)

RECOMMENDATION: Authorize the Transit Manager to fill the vacant Program Analyst I/II position as proposed.

D. FY 2017-2018 Financial Audit Report. (Attachment)

RECOMMENDATION: Accept the FY 2017-2018 financial audit report as presented.

E. Project & Program Updates.

1. Replacement Bus Purchases
2. Computer Assisted Dispatch/Automatic Vehicle Location (CAD/AVL) Project
3. Transportation Development Act (TDA) Performance Audit – Site Visit January 16th
4. Ad Hoc Committee Meeting for the Low Carbon Transit Operations Program – January 24th
5. Special Night Board Meeting Reminder – 7:00 p.m. on Thursday, February 21st
6. FY 2020 Budget Preview – February 21st Board Meeting

RECOMMENDATION: Information only.

VI. Correspondence/Information

VII. Other Business

VIII. Adjournment

**THE NEXT REGULAR MEETING IS SCHEDULED FOR THURSDAY, FEBRUARY 21, 2019
AT 7:00 P.M. IN THE YUBA COUNTY BOARD OF SUPERVISORS CHAMBERS**

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If you need assistance to attend the Yuba-Sutter Transit Board Meeting, or if you require auxiliary aids or services, e.g., hearing aids or signing services to make a presentation to the Board, please contact the Yuba-Sutter Transit office at (530) 634-6880 or (TTY) 634-6889 at least 72 hours in advance so such aids or services can be arranged.

AGENDA ITEM II – B
STAFF REPORT

STATEMENTS OF ECONOMIC INTEREST FOR 2018

Members of the Yuba-Sutter Transit Board of Directors and alternates are required to file annual Statements of Economic Interest with the Fair Political Practices Commission. For continuing members, these annual statements are due April 2, 2019. An Assuming Office Statement must be filed by new members and alternates to the Board within 30 days. For those leaving office, a Leaving Office Statement must be filed within 30 days.

These requirements may be met by filing an extended statement, which is a copy of the FPPC Form 700 that will be prepared for your individual jurisdiction. It must, however, include your position as a Yuba-Sutter Transit Board Director or alternate and have an original signature and date on the verification on Page 1. The information reported must cover all reportable interests in the service area, which includes Yuba and Sutter Counties. Form 700 is available on-line and a copy of the Yuba-Sutter Transit Conflict of Interest Statement Code is available upon request.

If you have any questions regarding the filing of your Statement of Economic Interest, please contact the administrative office at 634-6880.

RECOMMENDATION: Information only.

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**AGENDA ITEM II – C
STAFF REPORT**

**YUBA-SUTTER TRANSIT AUTHORITY
ANNUAL REPORT
JANUARY 2019**

Organizational History

Yuba-Sutter Transit, known as the Hub Area Transit Authority (HATA) until January 1993, was formed in 1975 by Sutter and Yuba Counties and the Cities of Marysville and Yuba City as a joint powers agency (JPA) for the provision of public transit services. Since its inception, Yuba-Sutter Transit has carried out this charge by contracting with private transportation companies for the operation of all services.

From 1975 to 1979, service was provided exclusively to seniors and persons with disabilities through a contract with a local taxicab company for the operation of the "Our Car" taxi subsidy program. As a condition of a legal settlement with California Rural Legal Assistance (CRLA), this service was replaced and expanded in 1979 with the purchase of thirteen mini-buses to implement a general public demand response service known as Dial-A-Ride. The system expanded again in 1982 to add a network of local fixed routes. Since 1979, a national transportation provider (currently Transdev Services, Inc.) has operated Yuba-Sutter Transit's core services.

In January 1988, following an independent operational analysis prompted by poor system performance, the service was significantly reduced through the elimination of the local fixed route system, Sunday service and most rural area services in lieu of a general public zonal dial-a-ride system for the urban area. At the same time, Sutter County withdrew from the Authority to establish a taxi subsidy program for service to the unincorporated urban areas of the county. This service was discontinued when Sutter County rejoined the Authority in January 1991.

In response to the 1988 operational and organizational changes, CRLA filed another lawsuit against the Authority, the member jurisdictions and the Sacramento Area Council of Governments (SACOG). The resulting settlement agreement in 1990 led to the 1992 completion of a fixed route feasibility study and a comprehensive marketing plan. As a result of these studies, fixed route service was reinstated and the agency name was changed to the Yuba-Sutter Transit Authority effective January 1993.

Services Provided

Yuba-Sutter Transit now has a fleet of 51 buses ranging in seated capacity from 16 to 57 passengers. In FY 2018, this fleet operated a combined 93,513 vehicle service hours and provided 1,022,636 one way passenger trips over our six local fixed routes; local demand response (Dial-A-Ride) service; intercity express commuter and midday Sacramento service; and, three rural routes serving Live Oak, Wheatland and the Yuba County foothills.

For the current fiscal year (FY 2019), approximately 56 percent of the operation will be provided as urban fixed route service. The local fixed route system provides service every 30 to 60 minutes on six routes with 14 buses in all day service Monday through Friday (12 on Saturdays) in Yuba City, Marysville, Linda and Olivehurst. Local fixed route service is provided each weekday from approximately 6:30 a.m. to 6:30 p.m. and from approximately 8:30 a.m. to 5:30 p.m. on Saturdays. Yuba-Sutter Transit does not operate and service on Sundays or major holidays.

Since being reintroduced in January 1993, the local fixed route system experienced steady and often spectacular annual ridership growth in response to numerous service expansions and enhancements. Fixed route ridership peaked in FY 2015 at 1,066,580 passenger trips, but it has dropped each year since to 817,937 boardings in FY 2018 – a three year reduction of 23 percent. While this decrease is consistent with recognized regional and national ridership trends, it was certainly exacerbated by the September 2015 fare policy change which ultimately resulted in the elimination of local fixed route transfers ending the incentive to ride multiple out of direction buses to effectively complete a round trip on just a single fare. In addition, the generally positive local economy and continued low gas prices along with chronic system on-time performance and fleet reliability challenges are believed to be contributing factors as well.

The local Dial-A-Ride service accounts for approximately 26 percent of the operation. This service is provided only within the urban area during regular weekday and Saturday fixed route service hours and weekday evenings from 6:00 p.m. to 9:30 p.m. Except for the weekday evening service which is open to the general public without restriction, Dial-A-Ride service is available only to seniors age 65 and over and persons with disabilities. Dial-A-Ride is also Yuba-Sutter Transit's complimentary paratransit service as required under the Americans with Disabilities Act (ADA). Dial-A-Ride carried 66,230 passenger trips in FY 2018 (down 3 percent from FY 2017 and 6 percent since FY 2015).

Fifteen percent of the operation is provided as service between Marysville/Yuba City and downtown Sacramento primarily in peak hour weekday commuter service. Beginning with two 15-passenger buses in 1990, the Sacramento commuter service now provides nine morning and ten afternoon peak hour schedules with another three midday schedules. This service is provided with a fleet of 13 specially equipped 57 seat tour-style buses. The midday schedules are used by many daily or occasional commuters, but they are also popular with those traveling to and from Sacramento for medical, education and other non-work purposes.

Ridership on the combined Sacramento services plateaued at just under 160,000 annual passenger trips from FY 2011 through FY 2014 before declining to a ten year low of 130,627 boardings in FY 2017 likely due to a combination of factors including the move of many state offices out of downtown Sacramento; changing state employee demographics; the lack of local population growth; stable and relatively low fuel prices; and, service reliability challenges from an aging commuter bus fleet. Sacramento ridership has since rebounded a bit and the introduction of seven new buses and free on-board Wi-Fi service in July 2018 certainly enhanced the quality of the service though persistent schedule adherence issues resulting from worsening downtown traffic conditions still need to be addressed.

Limited route deviation services to the Yuba County foothills and the Cities of Live Oak and Wheatland account for the remaining operation. The Foothill Route provides two round trips every Tuesday, Wednesday and Thursday between selected foothill communities from Brownsville to Marysville. The Live

Oak Route provides two round trips each weekday into Yuba City and Marysville. The Wheatland Route offers one round trip each weekday to Marysville. The Live Oak and Wheatland Routes operate under a fully allocated cost reimbursement agreement with those cities since they are not members of the Authority.

Administration and Finance

Yuba-Sutter Transit is governed by a Board of Directors composed of two elected representatives from each of the four member jurisdictions. The Authority operates with a five person staff consisting of a Transit Manager, two Program Managers (Finance & Administration and Planning & Marketing), a Program Analyst and an Administrative Assistant. Since 1988, Yuba-Sutter Transit's staff has also served as contract administrative staff to the Regional Waste Management Authority concurrent with their transit duties. Approximately 10 percent of the available staff time is now budgeted for waste management responsibilities. Through this shared staffing relationship, both agencies realize reduced administrative overhead expenses.

Yuba-Sutter Transit's operating expenses for FY 2019 are budgeted at \$7,423,800. The budgeted funding mix is about 31 percent Federal (Federal Transit Administration); 50 percent State and local (Transportation Development Act); 16 percent passenger fares; and, 3 percent miscellaneous income from special State grants, advertising, interest and contract service payments. The capital budget, which varies substantially from year to year, is \$11.4 million for FY 2019 with most of this earmarked for three major vehicle replacement projects. Capital funding is derived from a mix of Federal, State and local sources depending on the project.

Major Projects

Facilities: Yuba-Sutter Transit relocated in May 1996 to its combined maintenance, operating and administration facility (formerly the Seven-Up Bottling Company plant) at 2100 B Street in Marysville. The facility was remodeled and expanded again in 2011 to serve the site's projected ultimate maximum crush capacity of approximately 70 buses.

The only Caltrans owned and operated park and ride lot in Yuba and Sutter Counties opened in August 1997 on the northeast corner of Bogue Road and Highway 99 south of Yuba City largely with Federal funds obtained by Yuba-Sutter Transit. The capacity of this facility was nearly doubled in 2012 again with Federal and local funds obtained exclusively by Yuba-Sutter Transit. The lot now offers on-site parking for 164 vehicles with available land to nearly double this capacity when needed.

Yuba County opened the McGowan Park & Ride Lot on Powerline Road at McGowan Parkway in December 2008 and the Plumas Lake Park & Ride Lot on Feather River Boulevard east of Highway 70 in October 2009. Both lots were sited and constructed by Yuba County in coordination with Yuba-Sutter Transit. Project funding was derived primarily from development impact fees collected by Yuba County from projects in both the North Arboga Study Area and the Plumas Lake Specific Plan. Yuba County maintains both facilities with ongoing Community Service District revenue.

Yuba-Sutter Transit currently serves 258 designated bus stops within the local fixed route service area with another 24 stops located along the rural routes and in Sacramento. A total of 85 bus stop benches and 52

bus stop shelters have been placed at key points and high boarding locations throughout the system. Of these, 68 of the bus stop benches and 30 of the bus stop shelters are owned and/or maintained by Stott Outdoor Advertising while most of the remaining shelters and benches are owned by Yuba-Sutter Transit. Stott owns and maintains the ad shelters and ad benches at no cost to Yuba-Sutter Transit in exchange for the exclusive right to sell and place advertising on them while paying a small commission on the sale of each ad. In addition, 51 route information panels are on bus stop poles throughout the system and bike lockers are available at four of the five local commuter bus stops.

Vehicles: The current fleet of 51 revenue vehicles includes 22 local fixed route buses, 16 demand response (Dial-A-Ride) buses and 13 specially equipped intercity commuter buses. Since 2014, all of the local fixed route buses are modern low floor buses with seating capacities of 27 – 32 passengers. All of the demand response buses are on a cutaway van chassis with a seating capacity of 16 passengers. While primarily used for Dial-A-Ride service, these versatile little buses are also used on rural routes; to augment the local fixed route fleet; and, to provide supplemental capacity for the Sacramento Commuter service as necessary. The commuter bus fleet is now composed only of 57 passenger tour-style buses.

Services: Starting with the 1993 reintroduction of local fixed route service, Yuba-Sutter Transit's operation grew and expanded over time in response to passenger demand and the recommendations from the 1994, 1998, 2003, 2008 and 2015 Yuba-Sutter Short Range Transit Plans. After two decades of sometimes major service changes and enhancements, the 2015 transit plan was much more modest in scope. The major service recommendations from the current plan for consideration through 2020 and beyond include extended weekday and Saturday service hours; 20 minute service frequencies on Routes 1 and 3; and, annual increases in the number of Dial-A-Ride service hours provided. Most of the proposed service enhancements have been deferred indefinitely in response to declining ridership since 2015. While the plan does not include specific recommendations for any fare increases, it does suggest that increases may be necessary by FY 2018. Capital recommendations in the plan include several fleet replacement and minor fleet expansion projects; enhanced and expanded passenger facilities and transit centers; and, several technology projects.

Technology: Yuba-Sutter Transit has been intentionally slow to adopt industry technology trends, but as cost/benefit ratios and quality has improved over time we have gradually moved toward more sophisticated technology. In the last five years, these include the retrofit or installation of all buses with on-board video surveillance systems; the replacement of an obsolete mobile radio system with a digital system that includes automatic vehicle location (AVL) capability; the installation of video surveillance systems in three park and ride lots; the regional Connect Card electronic fare payment system; and, passenger Wi-Fi service on commuter buses. Technology projects now in being implemented include a real-time passenger information system; computer aided dispatching software; automatic bus stop announcements; and, passenger Wi-Fi service on all local fixed route buses.

Current and Future Issues

Despite the now four year downturn in systemwide ridership, the future of public transit in Yuba and Sutter Counties remains bright. While most transit operators cut service, raised fares or both (some several times) over the last decade or so, Yuba-Sutter Transit has avoided such scenarios due to strong overall ridership growth and a historically conservative fiscal and operational approach with limited or no evening, weekend

or holiday service and half of the six local fixed routes operating on hourly frequencies. As a result, Yuba-Sutter Transit's passenger fares and hourly operating costs are both among the lowest of any system in California.

The continuing multi-year Federal transportation funding measure along with enhanced state transportation funding through Senate Bill 1 (2017) and state greenhouse gas reduction funding programs have combined to establish a strong funding foundation for the immediate future. Even the sales tax related Local Transportation Fund (LTF), which took a severe hit during the prolonged economic downturn, is beginning to approach pre-recession levels. Key financial factors for 2019 and beyond include the need to address the declining systemwide farebox recovery ratio which is the percentage of operating costs that are recovered from passenger fares; the pending re-bid of Yuba-Sutter Transit's service contract; and, the significant local impact of the recent action by the California Air Resources Board to mandate the purchase of zero emission buses beginning in 2026.

Yuba-Sutter Transit's ability to efficiently and effectively meet the anticipated demand for service in the future will continue to be in doubt as all of the planned or approved large scale developments in Yuba and Sutter Counties are in areas where public transportation is largely non-existent. The potential demand for services of every kind from these projects will severely stretch what in most cases is still just a minimal level of service. To compound the problem, except for the fees collected by Yuba County for the development and operation of two park and ride lots, routine impact fees have otherwise not been required from new developments for the capital and operating revenue necessary to serve those developments.

Plumas Lake and Sutter Pointe are two examples of this challenge because of their size; location outside of the existing service area; primarily low density, single-family residential design; and, a primary market of out-of-area commuters. In addition to these large developments, thousands of new homes along with many hundreds of thousands of square feet of new commercial projects have been constructed, approved or are under consideration in other jurisdictions as well. Even individual projects such as Yuba College's Sutter County Center that opened in 2012 at the north edge of Yuba City or the new Hard Rock Fire Mountain Casino & Hotel that is set to open in late 2019 just off Highway 65 southeast of Olivehurst present significant operational and financial challenges because of the placement of obvious transit trip generators far from any existing service with little funding in the multi-year capital and operating plans for service expansion.

To further complicate the issue, as the population grows many new residents, attracted by the lower cost of living and proximity to other employment centers in the Mid-Valley, will commute to work in Placer, Sacramento and Yolo Counties and beyond. Even without population growth, the demand for specialized services for seniors and persons with disabilities is expected to grow significantly according to all population projections. Also, specialized services that are now provided through the Alta California Regional Center for the developmentally disabled are limited and Yuba-Sutter Transit's own Dial-A-Ride service already operates at or near capacity levels during peak periods.

Regardless of the demand for new and expanded services resulting from future population growth and demographic changes, one of the most significant and immediate issues facing Yuba-Sutter Transit is a recent action by the California Air Resources Board (CARB) to phase in a mandate for the purchase of

zero-emission buses (ZEBs) by all public transportation agencies between 2023 and 2029. The adoption of the Innovative Clean Transit regulation now requires that 25 percent of all buses purchased by public transit agencies with a fleet of 100 or more buses be zero-emission buses (powered by either battery electric or hydrogen fuel cell systems) beginning in 2023. This same requirement for agencies like Yuba-Sutter Transit with less than 100 buses begins in 2023 and all transit agencies, regardless of fleet size, will be required to purchase only ZEBs starting in 2029. While this regulation would result in a significant increase in the cost of new buses and the necessary support infrastructure, the greater impact to Yuba-Sutter Transit will result from the need to replace the current operating and maintenance facility within the next ten years to accommodate these new buses.

Summary

Yuba-Sutter Transit has certainly undergone an amazing metamorphosis over the last three decades to become a vital component of the local service network, but long term sustainability will require continuous adjustments to maintain and improve the existing system in response to demonstrated service demands while anticipating and effectively responding to external mandates. While Yuba-Sutter Transit operates what is certainly among the widest range of services at one of the lowest local cost of any urban transit system in California; the mix, level and relative priority for these services must continually be evaluated in light of federal, state and local funding and policy priorities as well as passenger demand.

Additional Informational Resources

Yuba-Sutter Transit System Fact Sheet (Revised January 2019)

Summary of Key Events (Revised January 2019)

Ride Guide and Individual Service Brochures (Effective July 1, 2018)

FY 2019 Operating and Capital Budgets (Adopted May 2018)

2015 Yuba-Sutter Short Range Transit Plan (Adopted May 2015)

FY 2019 – FY 2023 Transportation Improvement Plan Program of Projects (Adopted June 2018)

FY 2040 Capital Improvement Plan (Adopted June 2018)

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YUBA-SUTTER TRANSIT -- SYSTEM FACT SHEET

	AUDITED FY 08/09	AUDITED FY 09/10	AUDITED FY 10/11	AUDITED FY 11/12	AUDITED FY 12/13	AUDITED FY 13/14	AUDITED FY 14/15	AUDITED FY 15/16	AUDITED FY 16/17	AUDITED FY 17/18	PROJECTED & BUDGETED FY 18/19
REVENUE FLEET											
Dial-A-Ride / Rural Buses (14 - 16 Seats)	15	15	15	15	15	16	16	16	16	16	16
Local Fixed Route Buses (27 - 32 Seats)	18	18	18	18	17	22	22	22	22	22	22
Intercity Commuter Buses (41 - 57 Seats)	11	14	13	13	13	13	13	13	13	13	13
Total	44	47	46	46	45	51	51	51	51	51	51
SERVICE HOURS											
Fixed Route	46,819	49,791	50,049	50,383	50,542	50,623	51,526	52,472	51,126	51,966	52,000
Dial-A-Ride	22,072	21,590	22,878	23,414	24,054	24,674	24,812	24,771	24,476	25,387	24,600
Sacramento (Commuter & Midday)	13,566	13,661	13,558	13,729	13,731	13,536	13,373	13,530	13,449	13,817	14,000
Rural (Foothill, Live Oak & Wheatland)	1,653	1,716	1,744	1,752	1,810	1,811	1,837	2,374	2,314	2,343	2,400
Total	84,110	86,758	88,229	89,278	90,136	90,644	91,549	93,147	91,365	93,513	93,000
PASSENGER TRIPS											
Fixed Route	823,165	846,564	907,798	975,805	986,356	1,045,508	1,066,580	971,606	858,384	817,937	800,000
Dial-A-Ride	59,895	60,240	63,804	63,979	65,537	69,672	70,088	70,047	68,023	66,230	60,000
Sacramento (Commuter & Midday)	161,916	149,987	156,513	159,949	157,797	158,213	154,896	144,327	130,627	132,626	134,000
Rural (Foothill, Live Oak & Wheatland)	3,716	4,073	5,214	4,797	6,144	6,218	5,058	6,285	6,181	5,843	7,000
Total	1,048,692	1,060,864	1,133,329	1,204,530	1,215,834	1,279,611	1,296,622	1,192,265	1,063,215	1,022,636	1,001,000
PASSENGER TRIPS / SERVICE HOUR											
Fixed Route	17.6	17.0	18.1	19.4	19.5	20.7	20.7	18.5	16.8	15.7	15.4
Dial-A-Ride	2.7	2.8	2.8	2.7	2.7	2.8	2.8	2.8	2.8	2.6	2.4
Sacramento (Commuter & Midday)	11.9	11.0	11.5	11.7	11.5	11.7	11.6	10.7	9.7	9.6	9.6
Rural (Foothill, Live Oak & Wheatland)	2.2	2.4	3.0	2.7	3.4	3.4	2.8	2.6	2.7	2.5	2.9
Total	12.5	12.2	12.8	13.5	13.5	14.1	14.2	12.8	11.6	10.9	10.8
OPERATING EXPENSES											
	\$4,744,369	\$5,326,033	\$5,684,862	\$5,836,452	\$5,976,479	\$6,283,876	\$6,350,674	\$6,407,831	\$6,719,268	\$7,265,304	\$7,423,800
OPERATING REVENUES											
Federal	\$1,698,965	\$1,990,790	\$2,110,512	\$2,162,536	\$2,235,000	\$2,407,718	\$2,386,000	\$2,328,256	\$2,267,330	\$2,359,913	\$2,300,000
State & Local (TDA)	1,743,029	2,064,776	2,172,283	2,247,926	2,296,830	2,394,870	2,478,966	2,613,445	2,888,072	3,558,703	3,739,800
Miscellaneous	140,867	100,311	85,200	51,028	49,103	42,432	39,029	131,322	285,218	178,263	203,000
Fares	1,161,508	1,170,156	\$1,316,867	1,374,962	1,395,546	1,438,856	1,446,679	1,334,808	1,278,648	1,168,425	1,181,000
Total	\$4,744,369	\$5,326,033	\$5,684,862	\$5,836,452	\$5,976,479	\$6,283,876	\$6,350,674	\$6,407,831	\$6,719,268	\$7,265,304	\$7,423,800
AVERAGE FARE / PASSENGER											
	\$1.11	\$1.10	\$1.16	\$1.14	\$1.15	\$1.12	\$1.12	\$1.12	\$1.20	\$1.14	\$1.18
FARE RECOVERY RATIO*											
	26.1%	22.9%	24.2%	23.6%	23.4%	22.9%	22.6%	20.8%	19.0%	16.1%	15.9%
OPERATING COST / PASSENGER											
	\$4.52	\$5.02	\$5.02	\$4.85	\$4.92	\$4.91	\$4.90	\$5.37	\$6.32	\$7.10	\$7.42
OPERATING COST / SERVICE HOUR											
	\$56.41	\$61.39	\$64.43	\$65.37	\$66.31	\$69.32	\$69.37	\$68.79	\$73.54	\$77.69	\$79.83

* Calculated pursuant to California Transportation Development Act standards.

REVISED JANUARY 7, 2019 WITH AUDITED FIGURES FOR FY 2019 & PROJECTED YEAR-END OPERATIONAL FIGURES FOR FY 2019

YUBA-SUTTER TRANSIT
SUMMARY OF KEY SYSTEM EVENTS
REVISED JANUARY 4, 2019

July 1, 1975	Effective date of the initial Hub Area Transit Authority joint powers agreement (JPA) and creation of the "Our Car" subsidized taxi service for seniors and persons with disabilities
August 1979	Replacement of "Our Car" with a general public Dial-A-Ride service
September 1982	First urban fixed routes introduced
January 1988	Replacement of fixed route service with a general public "Zonal" Dial-A-Ride system which, when combined with other cuts, resulted in a 37 percent service reduction from FY 1986-87 to FY 1988-89 / Sutter County withdraws from the JPA
July 1990	Sacramento Commuter service begins on Highway 70 with two 15-passenger buses
January 1991	Sutter County rejoins the JPA
January 1993	Hub Area Transit Authority renamed Yuba-Sutter Transit with the reintroduction of urban fixed route service and the restructuring of the Dial-A-Ride service
Aug./Sept. 1994	Expansion of the Sacramento Commuter service into the Highway 99 corridor and the start of a subsidized vanpool program which ended December 2000
November 1994	Weekday evening subsidized taxi service begins (ended June 1999)
March 1995	New Marysville route; and, local fixed route and commuter buses equipped with bike racks (on all buses by June 1997)
May/June 1996	Occupied the remodeled former Seven-Up plant in Marysville as the operations, maintenance and administration facility / First summer youth bus pass program.
August 1997	Opening of the Bogue Road Park & Ride Lot south of Yuba City (nearly doubled in size in March 2012)
April 1998	Initiation of Downtown Trolley demonstration service (ended December 1998)
July/August 1998	Bi-directional service on Route 4, Saturday fixed route service and an expanded Dial-A-Ride boundary / Monthly passes & discount ticket book programs initiated
Aug./Sep. 1999	Initiation of weekday evening general public Dial-A-Ride service and weekday commuter service to the Lincoln Airport Industrial Park which ended January 2004
April 2001	Initiation of Route 5 in south Yuba City and ½ hour service frequencies on Routes 1 and 3
September 2003	Introduction of monthly fixed route pass for youth with deep discounts in other pass rates; Saturday Route 4B service; North Beale Transit Center; and, bus stop information panels
July 2004	Dial-A-Ride fare increase, Saturday service hours are extended and a noon Sacramento schedule is added
September 2005	Initiation of the FRAQMD funded Discount Monthly Youth Pass Program (combined in 2015 with similar discount pass programs for seniors and persons with disabilities).

October 2006	Route 6 (Linda Shuttle) is added to allow Route 1 to be extended to the Yuba City Marketplace and River Valley High School (school segment was delayed until Oct. 2007) and ½ hour service frequencies are added to Routes 1 & 3 on Saturdays
December 2008	Opening of the McGowan Parkway Park & Ride Lot in Olivehurst Delivery of 12 low-floor local fixed route buses to replace 8 old buses to greatly enhance accessibility, speed passenger boarding and allow for Route 2 expansion
January 2008	Expansion of the Wheatland Route to two days a week with other route, schedule, stop and policy changes to eliminate advance reservation requirement
January 2009	Expansion of Route 2 to half-hour service each weekday; expansion of the Live Oak Route from one to two roundtrips each Monday, Wednesday and Friday; and, Foothill route, schedule, stop and policy changes to eliminate advance reservation requirement
October 2009	Opening of the Plumas Lake Park & Ride Lot
January 2010	Installation of video surveillance system on all local fixed route buses
April 2010	Introduction of the first three tour-bus style, 57 seat, 45' commuter buses
January 2012	Completion of the remodel and expansion of the existing operations, maintenance and administration facility for the ultimate capacity of up to 70 revenue vehicles
April 2013	Initiation of the FRAQMD funded Discount Monthly Senior Pass Program (combined in 2015 with similar discount pass programs)
January 2014	Initiation of a FRAQMD funded one year demonstration Discount Monthly Disabled Pass Program (combined in 2015 with similar discount pass programs) Delivery of 11 heavy duty low floor replacement & expansion fixed route buses for an all low floor fixed route fleet
February 2014	Delivery of six Dial-A-Ride replacement & expansion buses
July 2015	Expansion of the Live Oak Route from three to five days a week with service to Yuba College's Sutter County Center
September 2015	Local fixed route changes to move Route 1 out of the Mall; realign Route 4A with Route 4B; and, other related and miscellaneous changes
October 2015	Convert supplemental to 7 th PM 99 schedule & other minor Sacramento changes to bring the total number of Sacramento schedules each weekday to 22
June 2017	Introduction of the regional Connect Card and related fare policy changes
July 2018	Full Connect Card conversion (drop paper passes & transfers) / Delivery of seven tour-bus style, 57 seat, 45' commuter buses to complete the fleet of thirteen Wi-Fi equipped commuter buses
2019	Implementation of a computer assisted dispatch and automatic vehicle location (CAD/AVL) system; delivery of 10 replacement demand response / rural route buses; extensive bus stop enhancements; re-bid of the current five year service contract; initiation of a Next Generation Transit Facility Siting Plan (pending grant award); and, delivery of 11 replacement heavy duty local fixed route buses.

AGENDA ITEM IV – A

**YUBA-SUTTER TRANSIT AUTHORITY
MEETING MINUTES
DECEMBER 20, 2018**

I. Call to Order & Roll Call

Present: Cardoza (Chair), Fletcher, Hudson, Leahy (Vice-Chair), Samayoa, Shaw (4:10), Sullenger and Whiteaker

Absent:

II. Public Business from the Floor

None

III. Consent Calendar

Director Whiteaker made a motion to approve the consent calendar. Director Samayoa seconded the motion and it carried unanimously.

IV. Reports

A. Replacement Fixed Route Bus Purchase.

Martin stated that the FY 2018/19 budget includes funding for the purchase of eleven (11) heavy duty, low floor local fixed route buses to replace eleven (11) 2008 model medium duty local fixed route buses. This purchase is budgeted at \$5.5 million of \$500,000 each including sales tax and the post-delivery installation of decals and transfer of technology. Martin continued that staff is recommending the use of a federally approved “piggy-back” procurement process similar to what was done for the last purchase of fixed route buses. For this purpose, staff has secured the necessary purchase options from the City of Los Angeles through the Livermore Amador Valley Transit Authority (LAVTA) Purchase Agreement #2015-08.

Martin noted that the staff report includes the list of funding sources for this project and that staff is now requesting authorization for this purchase of eleven (11) replacement local fixed route buses as proposed. Director Whiteaker inquired as to what happens to the buses being replaced and why the old buses only have a 10 year life compared to 12 years for the new buses. Martin responded that the old buses would be declared surplus and sold to the highest bidder and that the old buses were medium duty versus the heavy duty new buses.

Director Leahy made a motion to authorize the purchase of eleven (11) replacement local fixed route buses as proposed. Director Whiteaker seconded the motion and it carried unanimously.

B. Revised Transdev Services, Inc. Drug & Alcohol Policy.

Martin stated that Yuba-Sutter Transit is required to certify compliance with all applicable federal drug and alcohol policies which is passed on to the contract operator, Transdev Services, Inc., for

all safety sensitive employees which includes drivers, dispatchers and maintenance personnel. Recent changes to the federal policy to increase the percentage of random drug tests from 25 to 50 percent have been incorporated into the new Transdev policy which staff is now requesting that the Board adopt. The new policy will be effective on January 1, 2019.

Director Fletcher made a motion to adopt Resolution No. 10-18 adopting the Transdev Services, Inc. Drug and Alcohol Policy for the Yuba-Sutter Division effective January 1, 2019. Director Whiteaker seconded the motion and it carried unanimously.

C. Possible Sacramento Service and Schedule Changes.

Martin stated that the Sacramento schedules were last adjusted about three years ago and staff is now looking at them again in a process that started by asking the commuters and those that have expressed an interest in the service for their early input on what schedule changes, if any, they might desire. Consistent with past practice, staff is now requesting that a special night meeting be set for Thursday, February 21, 2019 for a possible public hearing on any proposed changes that may result from this ongoing review of our Sacramento services.

Director Whiteaker asked what type of response has been received so far and Martin responded that we have received roughly 20 to 30 comments. Director Whiteaker asked if staff will continue to do further outreach and Martin responded that outreach will continue throughout the process. Director Samayoa asked if staff was going to ask additional questions about the potential for additional service to possibly include service down Highway 65 or to the Sacramento airport. Martin stated that the feedback staff has been soliciting is not specifically for new service, but primarily focused on incremental changes to the existing service.

Director Whiteaker made a motion to set a special night meeting in the Yuba County Board of Supervisors Chambers for 7:00 p.m. on Thursday, February 21, 2019. Director Leahy seconded the motion and it carried unanimously.

D. Low Carbon Transit Operations Program (LCTOP) Concepts.

Martin noted that LCTOP was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emissions and improve mobility with a priority on serving state identified disadvantaged and low-income communities. Martin noted that there are very specific criteria that need to be met for a project to be eligible for funding. Staff has provided the background and a list of eligible projects for early Board consideration and possible direction.

Martin added that applications must be submitted each year or that funding is lost to that jurisdiction. Martin pointed out and discussed the potential projects included in the staff report and asked for Board input on possible projects and priorities for the use of this annual funding source. Director Whiteaker recommended forming an ad-hoc committee to assist in identifying what is most needed. Director Leahy noted that he preferred Items 1, 4 and five from the list in that order. Director Fletcher expressed support for an ad-hoc committee and nominated Director Leahy and Director Whiteaker to serve on that committee. Directors Leahy and Whiteaker both accepted. In appointing said members to the committee, Director Cardoza also named himself to serve on the Committee.

E. **First Quarter Performance Report For FY 2018-19.**

Martin stated that while Sacramento ridership has improved since the first of the year, the overall numbers continued the now over three year downward trend in the first quarter. This situation was made worse in the second quarter due to the smoke related ridership impacts from the Butte County fire in November.

F. **Project & Program Updates.**

1. Feather River Air Quality Management District (FRAQMD) Blue Sky Grant Awards

Martin noted that the FRAQMD Board approved all of Yuba-Sutter Transit's applications which include extensions of the Discount Pass Program and the Live Oak Expansion Service as well as the Bus Stop Improvement Program.

2. Emergency Back-Up Generator Project

Martin noted that the new generator was fully operational on December 11th.

3. Computer Assisted Dispatch/Automatic Vehicle Location (CAD/AVL) Project

Martin stated that a contract has been signed with Double Map and it looks like early stages of the project should be operational by late Spring or early Summer.

4. California Air Resources Board (CARB) Innovative Clean Transit (ICT) Regulations

Martin noted that these regulations were adopted on December 14th which for Yuba-Sutter Transit will require that 25 percent of any buses purchased beginning in 2026 be zero emission buses and that this mandate will increase to 100 percent by 2029.

5. Adaptation Planning Grant Application (Next Generation Transit Facility Siting Plan)

Martin noted that Planning Program Manager Adam Hansen did a great job getting this application submitted by the November 30th deadline. Martin noted that, if funded, this project will result in a siting study for the Next Generation Transit Facility from which those zero emissions buses will be operating. Staff is expecting award announcements to be released in the spring with the project to commence by the end of 2019.

6. Connect Card Implementation (New Yuba City Sales Outlet)

Martin stated that Bel-Air will become the latest Connect Card sales outlet within the next few weeks.

7. Annual Unmet Transit Needs Hearing Results

Martin noted that no unmet transit needs that were reasonable to meet were identified during the hearing process and that the SACOG Board will be taking action on that finding in January.

8. Sikh Parade Parking Shuttle

Martin stated that 2018 was the 10th year that Yuba-Sutter Transit has been providing this shuttle and it was the biggest and the busiest ever. He noted that 24 buses operated 232 hours of service that day. Martin congratulated Transdev General Manager Dave Phillips for getting drivers out for this major event where it was estimated that 35,000 passenger boardings were provided.

9. Federal Transit Administration (FTA) Triennial Review

Martin noted that staff just received the close out letter for the 2018 review.

10. Program Analyst

Martin stated that Program Analyst Isabelle Markoe that was hired a year and half ago has resigned and will be leaving at the first of the year. She has taken a position in Southern California and staff will be working with Sutter County Human Services to initiate the recruitment to replace her.

Director Samayoa asked when the Transdev Services, Inc. contract was up. Martin stated that it will expire on September 30, 2019 and that the Board has engaged a consultant a couple of months ago to assist in developing a new RFP package. He hopes to bring the draft package to the Board in March for approval with an award expected this summer.

V. Correspondence/Information

None

VI. Other Business

Director Whiteaker welcomed Director Hudson and Director Shaw to the Board and wished everyone a Merry Christmas and a Happy New Year.

VII. Adjournment

The meeting was adjourned at 4:39 p.m.

**THE NEXT REGULAR MEETING IS SCHEDULED FOR THURSDAY, JANUARY 17, 2019
AT 4:00 P.M. IN THE YUBA COUNTY BOARD OF SUPERVISORS CHAMBERS**

**AGENDA ITEM IV-B
YUBA-SUTTER TRANSIT
DISBURSEMENT LIST
MONTH OF DECEMBER 2018**

CHECK NO.	AMOUNT	VENDOR	PURPOSE
EFT	\$ 6,891.42	PERS HEALTH	HEALTH INSURANCE
EFT	\$ 1,432.86	PRINCIPAL MUTUAL LIFE INSURANCE	L/D/LTD INSURANCE
EFT	\$ 259.10	CALIFORNIA WATER SERVICE	WATER
EFT	\$ 34.48	CALIFORNIA WATER SERVICE	FIRE SUPPRESSION
EFT	\$ 797.78	PG&E	ELECTRIC
EFT	\$ 2,082.83	PG&E	ELECTRIC #2
EFT	\$ 145.12	PG&E	GAS
EFT	\$ 120.48	UTILITY MANAGEMENT SERVICES	SEWER
EFT	\$ 600.00	CALPERS 457 PLAN	EMPLOYER CONTRIBUTION
EFT	\$ 372.70	CARDMEMBER SERVICES	RABOBANK CREDIT CARD
EFT	\$ 179.94	ELAVON	MERCHANT SERVICE FEE - DEC
EFT	\$ 153.40	PRIMEPAY	PAYROLL FEE
EFT	\$ 49,352.36	PAYROLL	PAYROLL
16278	\$ 143.79	ADVANCED DOCUMENTS CONCEPTS	COPY MACHINE - OCTOBER
16279	\$ 3,090.00	CALIFORNIA TRANSIT ASSOCIATION	ANNUAL MEMBERSHIP FEE
16280	\$ 4,082.73	CONNECT CARD REGIONAL SERVICE CENTER	CONNECT CARD SALES
16281	\$ 19,449.34	FLYERS ENERGY	BUS FUEL
16282	\$ 168.87	FRANCOTYP-POSTALIA, INC.	POSTAGE MACHINE LEASE
16283	\$ 240.49	KEITH MARTIN	CTA CONFERENCE REIMBURSEMENT
16284	\$ 457.01	QUILL CORP	JANITORIAL SUPPLIES
16285	\$ 1,100.00	R.C. JANITORIAL SERVICE	JANITORIAL SERVICES
16286	\$ 104.48	SIMONE REED	VISION REIMBURSEMENT
16287	\$ 465.99	STANLEY SECURITY SOLUTIONS, INC.	SECURITY SERVICES
16288	\$ 272.79	TIAA COMMERCIAL FINANCE, INC.	COPIER LEASE
16289	\$ 1,750.00	ALLIANT NETWORKING SERVICES, INC.	IT SERVICES - JANUARY
16290	\$ 50.00	BRADLEY HUDSON	BOARD MEETING 12/20
16291	\$ 465.78	CETRA US, LLC	TRANSLATE ADA APPLICATION INTO SPANISH
16292	\$ 242.70	COMCAST	INTERNET SERVICE - DECEMBER
16293	\$ 50.00	DAVID SHAW	BOARD MEETING 12/20
16294	\$ 32,425.86	DAY'S GENERATOR SERVICE	BACK-UP EMERGENCY GENERATOR
16295	\$ 185.00	DICKSON MECHANICAL	SHOP HEATER REPAIR
16296	\$ 450.00	DIGITAL DEPLOYMENT	WEB SERVICES - DECEMBER
16297	\$ 333.05	HANCOCK PETROLEUM ENGINEERING	INSTALLED HOSE TO FUEL GENERATOR
16298	\$ 50.00	JIM WHITEAKER	BOARD MEETING 12/20
16299	\$ 629.33	LAKEVIEW PETROLEUM CO.	FUEL FOR GENERATOR
16300	\$ 50.00	MANNY CARDOZA	BOARD MEETING 12/20
16301	\$ 16,615.17	MERRIMAC ENERGY GROUP	BUS FUEL
16302	\$ 50.00	MICHAEL LEAHY	BOARD MEETING 12/20
16303	\$ 820.00	MR. SECURITY CAMERA, INC.	SERVICE ON PLUMAS LAKE & MCGOWAN P&R
16304	\$ 1,057.77	QUEST	MAINTENANCE OF BUS STOPS/SHELTERS
16305	\$ 273.86	QUILL CORP	OFFICE SUPPLIES
16306	\$ 50.00	RANDY FLETCHER	BOARD MEETING 12/20
16307	\$ 50.00	RICKY SAMAYOA	BOARD MEETING 12/20
16308	\$ 50.00	RON SULLENGER	BOARD MEETING 12/20
16309	\$ 50.00	SHELBY'S PEST CONTROL	PEST CONTROL
16310	\$ 7,483.50	SUTTER BUTTES COMMUNICATIONS, INC.	SERVICE AGREEMENT & REPEATER FEE
16311	\$ 130.17	SUTTER COUNTY LIBRARY COMMISSION	CONNECT CARD/TICKET SHEET COMMISSION
16312	\$ 137.66	TEHAMA TIRE SERVICE	TIRES/TUBES
16313	\$ 485,469.29	TRANSDEV SERVICES, INC.	CONTRACT SERVICES - OCTOBER
16314	\$ 494.13	VERISON	WIFI ON COMMUTER BUSES
16315	\$ 459.21	COMCAST	TELEPHONE
16316	\$ 19,333.17	LAKEVIEW PETROLEUM CO.	BUS FUEL
	\$ 661,203.61		

**LAIF
TRANSFERS**

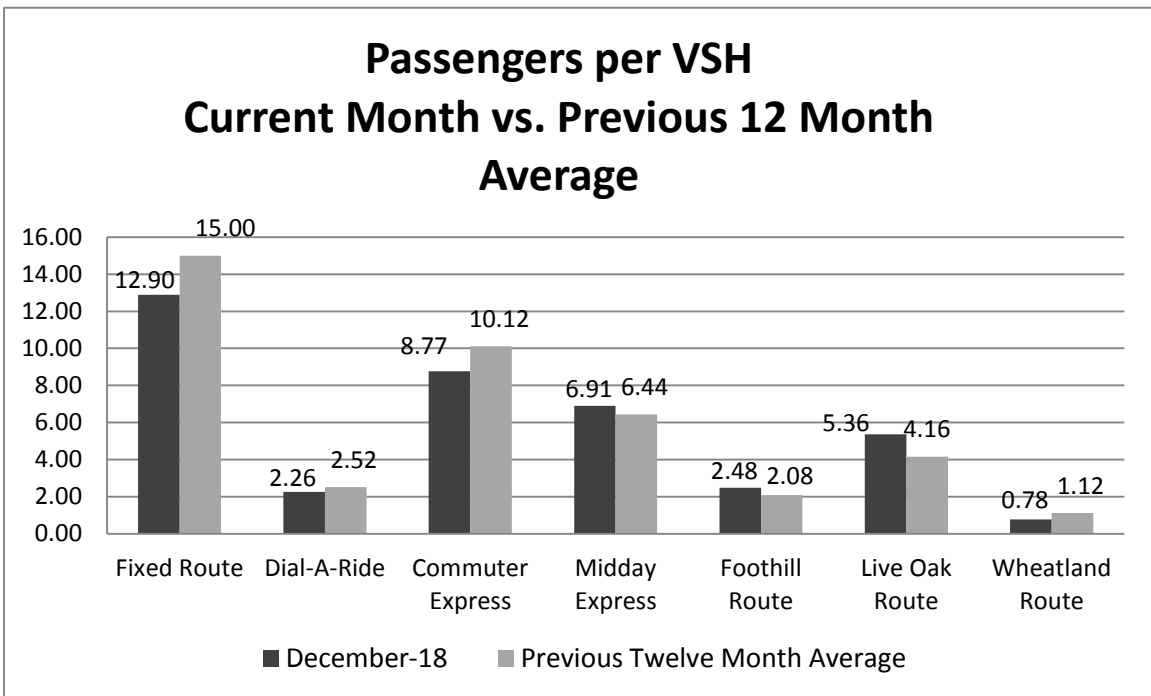
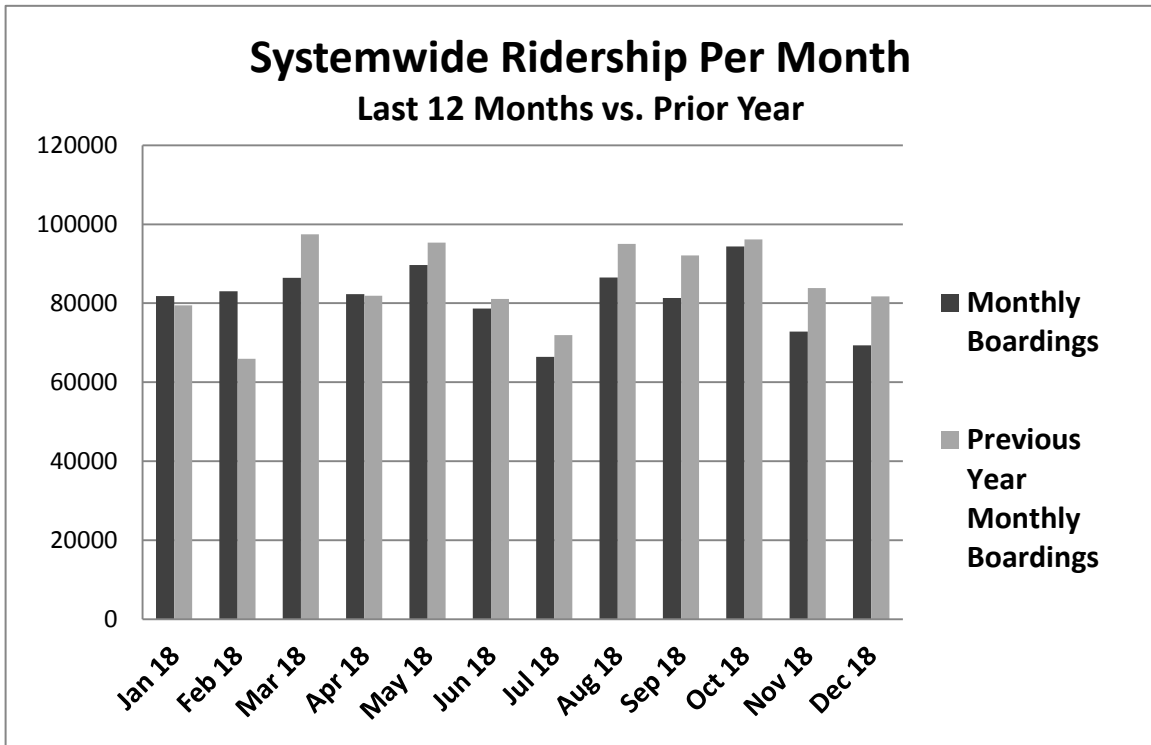
NO LAIF TRANSFERS

AGENDA ITEM IV - C

DECEMBER 2018 PERFORMANCE REPORT

Ridership:	December-18	Previous Twelve Month Average	Fiscal YTD	Previous Fiscal YTD
Fixed Route	54,636	65,045	370,793	420,048
Dial-A-Ride	4,503	5,271	30,216	33,798
Commuter Express	8,517	10,198	59,668	57,674
Midday Express	1,088	1,033	6,311	6,227
Foothill Route	177	171	1,189	1,040
Live Oak Route	402	320	2,259	1,725
Wheatland Route	27	46	362	266
Total Ridership:	69,350	82,084	470,798	520,778
Vehicle Service Hours:				
Fixed Route	4,236.00	4,335.17	25,990.74	25,955.87
Dial-A-Ride	1,995.84	2,088.89	12,348.25	12,672.49
Commuter Express	970.97	1,007.85	6,083.35	5,873.12
Midday Express	157.49	160.36	964.29	949.32
Foothill Route	71.50	82.31	477.74	476.25
Live Oak Route	74.97	76.93	464.79	443.69
Wheatland Route	34.68	40.47	262.71	235.67
Total VSH's:	7,541.45	7,791.98	46,591.87	46,606.41
Passengers Per Hour:				
Fixed Route	12.90	15.00	14.27	16.18
Dial-A-Ride	2.26	2.52	2.45	2.67
Commuter Express	8.77	10.12	9.81	9.82
Midday Express	6.91	6.44	6.54	6.56
Foothill Route	2.48	2.08	2.49	2.18
Live Oak Route	5.36	4.16	4.86	3.89
Wheatland Route	0.78	1.12	1.38	1.13
Total Passengers Per VSH:	9.20	10.53	10.10	11.17

DECEMBER 2018 PERFORMANCE REPORT



AGENDA ITEM V – A
STAFF REPORT

**LOW CARBON TRANSIT OPERATIONS PROGRAM BUS STOP
IMPROVEMENT PROJECT**

The Low Carbon Transit Operations Program (LCTOP) is one of several programs that are part of the Transit, Affordable Housing, and Sustainable Communities Program established by the California Legislature in 2014 by Senate Bill 862. The LCTOP was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emissions and improve mobility, with a priority on serving State identified disadvantaged communities. Agencies whose service area includes one or more disadvantaged communities like Yuba-Sutter Transit must expend at least 50 percent of the money received on projects that will benefit those communities.

Yuba-Sutter Transit received an allocation of \$180,417 from the FY 2016 cycle of funding which the Board designated for a range of bus stop enhancements. In 2018, a total of \$55,249 was expended on the installation of two bus stop shelters and related improvements on North Beale Road and the relocation of a bus stop due to the construction of a roundabout project at Olivehurst Avenue and Chestnut Road. The remaining LCTOP funds combined with the \$12,000 that was recently awarded by the Feather River Air Quality Management District in a Blue Sky (AB 2766) Grant for the installation of specialized bus stop seats is now available for approximately \$137,400 in authorized bus stop enhancements.

Staff is now seeking Board authorization to proceed with this project as the LCTOP portion of these funds must be expended by June 30, 2019. The largest component of the proposed project scope would be the installation of larger bus stop shelters at three transit centers. As recommended in the recently approved Corridor Enhancement Action Plan, these include the west side of the Walton Terminal in Yuba City, the Yuba County Government Center in Marysville and the south side of the North Beale Transit Center in Linda. These larger shelters would be similar to the large solar lighted shelter that was recently installed at the Johnson Park bus stop (Evelyn & Martel) in Olivehurst. This work would also include the relocation of the six existing smaller shelters at these three sites to other locations in the system resulting in improved weather protection and safety at all of the affected bus stops. Staff will be working with Stott Outdoor Advertising to select suitable locations for the reinstallation of the five advertising shelters that will be displaced and LCTOP funds will be used for that work as well. The estimated cost for this project component is \$101,600.

The remainder of the project budget (\$35,800) would be used is for the purchase and installation of up to 30 Simme Seats and related improvements at bus stops throughout the system. These limited clearance benches (see attached pictures) are specifically designed for bus stops where there is now no bus stop furniture of any kind due to the lack of sidewalk, limited public right-of-way or both. While staff has identified many potential Simme Seat locations, this will be an iterative process as each is unique so staff will be working with our jurisdictional partners to site these seats for the highest impact in terms of ridership potential. This project component will greatly increase system visibility while providing a more comfortable place for passengers to rest while waiting for the bus to arrive.

To allow adequate time for staff to secure the services of various vendors and contractors to complete the project before the FY 2016 LCTOP funds expire, Board action is essential at this meeting. Staff will be prepared to discuss this proposed project at the meeting.

RECOMMENDATION: Authorize the purchase and installation of specified bus stop furnishings and related improvements as proposed.

Sample Simme-Seat Bus Stop Installations

<http://simmeseat.com/photo-gallery/>



STAFF REPORT V - B

FARE STRUCTURE AND FARE POLICY ADJUSTMENTS

The State Transportation Development Act (TDA) requires that public transportation operators achieve a certain minimum farebox recovery ratio which is the percentage of operating costs recovered from passenger fares. The basic figure is 20 percent for urban fixed route services and 10 percent for rural and specialized demand response services unless otherwise modified based on the mix of service and/or the size of the subject urban area. The Sacramento Area Council of Governments (SACOG) has set the combined farebox recovery ratio for all services operated by Yuba-Sutter Transit at 14.6 percent. While there are some exemptions and waivers in the TDA, if an operator fails to meet the required ratio, it must make up the difference with local (non-federal and non-state) funds.

Yuba-Sutter Transit's audited farebox recovery ratio, which held steady with only a couple of exceptions between 22 and 28 percent for 20 years (FY 1996 through FY 2015), has since steadily declined to an audited figure of 16.1 percent for FY 2018 and it is now budgeted at 15.9 percent for FY 2019 though it will likely be even lower. This long period of farebox ratio stability was possible through increased passenger fare revenue from a long period of ridership growth, a few strategic fare increases over time and aggressive cost containment. Because operating costs have continued to increase over time and the last fare increase of any kind was in 2010, the nearly four year systemwide ridership decline and the resulting decrease in passenger fare receipts is now bringing the minimum farebox recovery ratio into play.

The farebox recovery ratio can be increased through some combination of reduced operating expenses or increased passenger fare receipts. Operating expenses can be reduced most directly through service cuts and fare receipts can be increased most directly through a fare increase though both will have a negative impact on ridership. Because Yuba-Sutter Transit already operates essentially a base level of service with limited days and hours of operation and hourly service frequencies on the majority of the local fixed routes at what is among the lowest hourly cost of comparable transit systems in California, there is little room to reduce operating expenses without seriously impacting the level and quality of the service. In addition, each dollar increase in fare revenue whether through passenger growth or a fare increase has more than six times the impact on the farebox recovery ratio than a dollar decrease in operating costs.

For reference, a recent survey of nine similarly sized and larger mid-valley systems revealed that Yuba-Sutter Transit has the lowest local fixed route cash and monthly pass fares and among the lowest Dial-A-Ride fares while commuter cash and monthly pass fares are generally comparable with other systems when travel distance is considered. Yuba-Sutter Transit's local fixed route fares have not been increased since the service was reinstated in January 1993, Dial-A-Ride fares have not been increased since July 2004 and Sacramento fares were last increased in July 2010. In addition, while the financial element of the 2015 Yuba-Sutter Short Range Transit Plan recommended that a general fare increase be considered for FY 2018 to maintain the Board adopted farebox recovery goal of 20 percent, this was delayed until now to avoid complicating the Connect Card electronic fare card system which is now fully implemented.

Staff is now recommending that the Board establish an ad hoc committee to work with staff to identify options for future Board consideration while the FY 2020 budget is being developed. Should this process result in a recommendation to increase fares or significantly reduce service, a duly noticed public hearing would be required. For this reason, if this process is to conclude in time to be included in the FY 2020 budget that is scheduled for adoption in May, the recommended ad hoc committee should convene soon. Assuming Board concurrence, the committee will be provided with detailed information regarding the relative impacts of a range of potential fare and fare policy adjustment alternatives. While staff understands the real world impact of any fare increase and certainly expects ridership to ultimately stabilize and even reverse the current negative trend at some point, the systemwide farebox recovery ratio will need to be addressed soon if not now.

Staff will be prepared to discuss this issue in detail at the meeting.

RECOMMENDATION: Appoint an Ad Hoc Committee to develop fare structure and fare policy recommendations for future consideration.

STAFF REPORT V - C

**AUTHORIZATION TO FILL THE VACANT
PROGRAM ANALYST I/II POSITION**

Ms. Isabelle Markoe, Yuba-Sutter Transit's Program Analyst since June 1, 2017, informed the Transit Manager on Friday, December 14th that she had accepted a position in Southern California and that her last day would be December 31, 2018. The Program Analyst I/II entry level professional position is one of five Yuba-Sutter Transit employees. Pursuant to the provisions of the Yuba-Sutter Transit Personnel Manual, staff is now requesting authorization to immediately begin the process of filling the pending staff vacancy. Since this position was first authorized by the Board of Directors when Ms. Markoe was hired, no changes to the job description or salary scale is being requested.

For all past openings, Yuba-Sutter Transit has contracted with the Human Resource Departments of either Yuba or Sutter Counties on a time and materials basis to guide the recruiting and hiring process along with assisting as necessary with the setting of job descriptions and salary scales. Yuba County supported the hiring of the last two employees in 2017 and Sutter County has agreed to support this new recruitment. Sutter County provided similar support for the previous recruitment in 2013. In the interest of time given the need to fill this now vacant position as soon as possible, staff has already initiated the process and the attached job announcement is now being circulated with a January 25th closing date. Should this recruitment not be authorized, this process will immediately be suspended pending further Board direction. Assuming a favorable outcome, staff expects to fill this position by March.

Staff will be prepared to discuss this issue in detail at the meeting.

RECOMMENDATION: Authorize the Transit Manager to fill the vacant Program Analyst I/II position as proposed.

Attachment



is seeking applications for the position of
PROGRAM ANALYST I/II

Closing Date: January 25, 2019

The Position

The Yuba-Sutter Transit Authority is recruiting for a new Program Analyst to perform a variety of analytical functions in support of several of the agency's programs, activities and special projects. Incumbents will also provide technical and administrative support to the Authority's Program Managers and Transit Manager. Duties will include preparing and submitting internal and external reports; evaluating operations and activities and recommending improvements and modifications; assisting with the evaluation of new technology related hardware and software and coordinating with outside contractors.

Compensation & Benefits

Level I: \$3,601 - \$4,397/Month

Level II: \$4,168 - \$5,066/Month

- CalPERS Retirement Plan – 2% @ 62 (for those entering the CalPERS system after 12-31-12) or 2% @ 55 (for Classic PERS eligible employees)
- No Social Security
- Longevity pay program
- Employer paid Medicare premium of 1.45%
- Employer paid health, dental, vision (reimbursement allowance), life and long term disability insurance coverage available to employee and dependents (\$250 a month payment if health coverage received elsewhere)
- Employer contribution of \$100 a month to the available deferred compensation 457 plan
- Twelve paid holidays annually
- Annual leave (combined vacation & sick leave) program starting at 24 days a year (less than five years) up to 34.5 days a year (at least 25 years) up to a maximum accrual of 48 days
- Limited annual leave sell back program
- Frequent BBQs, potlucks and goodies!

The Ideal Candidate

We are looking for a highly skilled, motivated and enthusiastic individual with excellent interpersonal and communication skills; someone who enjoys researching and developing innovative yet practical solutions to problems; who is focused, disciplined and detail oriented; who has outstanding written, oral and computer skills; who can effectively organize and deliver their message; who highly values their integrity and has a strong work ethic; and, who is flexible, patient, compassionate and customer focused. We are also looking for an individual who will enjoy working in a small, busy office where everyone must be ready, willing and able to do anything.

Application Process

If you are interested in joining our team, please review the complete job announcement and position description that is available at www.suttercounty.org or from the **Sutter County Human Resources Department**.

To be considered, interested candidates must submit a resume and any additional information by no later than 5:00 p.m. on the Final Closing Date to:

Sutter County Human Resources
1160 Civic Center Blvd, Ste. B
Yuba City, CA. 959993

Phone: (530) 822-7113 Fax: (530) 822-7191
www.suttercounty.org

The screening panel will select those most qualified to be considered further in the selection process which may include an application screening, and/or interviews. Offers of employment are contingent upon investigation of employment history, references, drug testing, medical review/exam, credit check and fingerprinting in addition to other appropriate requirements of the position.



AGENDA ITEM V – D
STAFF REPORT

FY 2017-2018 FINANCIAL AUDIT REPORT

Attached for Board review and acceptance is a copy of Yuba-Sutter Transit's Independent Audit Report and related letters for FY 2017-2018. This report is completed annually on behalf of the Sacramento Area Council of Governments (SACOG) in accordance with the provisions of the State Transportation Development Act. The report was prepared by the firm of Richardson & Company of Sacramento.

As communicated in the SAS 114 letter to the Board, there was one corrected finding and one uncorrected audit finding for FY 2018. The corrected adjustment identified during the audit related to the recording of buses purchased but not in service at year-end and the related payable and grant receivables. The unadjusted difference relates to the carrying value of two buses that were removed from service in FY 2018, but not disposed of until FY 2019. The unadjusted audit difference was not recorded because the difference was identified too late in the audit process. The effect of the uncorrected audit difference is immaterial to the financial statements as a whole.

Management has reviewed the capital assets procedures and is committed to a more detailed review of the financial statements to better identify and evaluate possible errors and omissions prior to the audit.

Staff will be prepared to discuss the report in detail at the meeting.

RECOMMENDATION: Accept the FY 2017-2018 audit report as presented.



550 Howe Avenue, Suite 210
Sacramento, California 95825

Telephone: (916) 564-8727
FAX: (916) 564-8728

Board of Directors
Yuba Sutter Transit Authority
Marysville, California

We have audited the financial statements of Yuba Sutter Transit Authority (the Authority) for the year ended June 30, 2018, and have issued our report thereon dated December 31, 2018. Professional standards require that we provide you with the following information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to a member of the Board of Directors on October 5, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note A 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 transaction entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the 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 financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the determination of qualifying expenses incurred under grant agreements, which may be changed by the grantor, the computation of the net pension liability and related deferred inflows and outflows and the useful lives used to calculate depreciation on capital assets. Management's estimate of qualifying expenses incurred under grant agreements is based on the understanding of the grant agreements, the pension liability is based on an actuarial valuation and the lives of capital assets is based on past experience and Federal Transit Administration guidance. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosures about the defined benefit pension plan, contingent liabilities and commitments and state grants described in notes G, H and I, respectively.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. One adjustment was identified during the audit related to the recording of buses purchased but not in service at year-end and the related payable and grant receivables. The attached schedule summarizes an unadjusted audit difference in the financial statements that was not recorded because the difference was identified too late in the audit process. Management has determined the effects of the uncorrected audit difference is immaterial to the financial statements as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's 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 dated December 31, 2018.

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 the Authority's 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 the 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 required supplementary information (RSI), as reported in the table of contents of the financial statements that supplements the basic financial statements. Our procedures consisted of inquires 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.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

Richardson & Company, LLP

December 31, 2018

**YUBA-SUTTER TRANSIT AUTHORITY
SUMMARY OF UNADJUSTED DIFFERENCES
YEAR ENDED JUNE 30, 2018**

Description (Nature) of Audit Difference	Financial Statement Effect - Amount of Overstatement (Understatement) of:					
	Total Assets and Deferred Outflows	Total Liabilities and Deferred Inflows	Total Net Position	Net Loss from Operations	Net Loss Before Capital Contributions	Total Change in Net Position
To record impairment loss on surplus buses taken out of service	\$ 16,440		\$ 16,440		\$ (16,440)	\$ 16,440
Net Unadjusted Audit Differences - This Year	16,440	-	16,440	-	(16,440)	16,440
Financial Statement Caption Totals	\$ 20,304,886	\$ 6,003,282	\$ 14,301,604	\$ 7,500,801	\$ 1,993,625	\$ 2,350,732
Net Audit Differences as % of F/S Captions	0.08%	0.00%	0.11%	0.00%	-0.82%	0.70%

YUBA-SUTTER TRANSIT AUTHORITY

Audited Financial Statements
and Compliance Reports

June 30, 2018

YUBA-SUTTER TRANSIT AUTHORITY

Audited Financial Statements
and Compliance Reports

June 30, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Yuba-Sutter Transit Authority
Marysville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Yuba-Sutter Transit Authority (the Authority) as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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 of 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2018 and 2017, and changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

To the Board of Directors
Yuba-Sutter Transit Authority

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that required supplementary information, as listed in the accompanying table of contents, 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2018 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, the Transportation Development Act and other state grant program guidelines. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Richardson & Company, LLP

December 31, 2018

YUBA-SUTTER TRANSIT AUTHORITY

BALANCE SHEETS

June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,415,017	\$ 1,203,064
Accounts receivable	4,674	3,368
Interest receivable	2,457	1,753
Due from other governmental agencies	5,431,425	1,644,843
Prepaid expenses and other assets	9,262	7,785
TOTAL CURRENT ASSETS	<u>6,862,835</u>	<u>2,860,813</u>
NONCURRENT ASSETS		
Restricted cash and cash equivalents	569,105	474,205
Capital assets:		
Nondepreciable	4,868,177	905,570
Depreciable, net	7,857,484	9,165,656
Total Capital Assets	<u>12,725,661</u>	<u>10,071,226</u>
TOTAL NONCURRENT ASSETS	<u>13,294,766</u>	<u>10,545,431</u>
TOTAL ASSETS	<u>20,157,601</u>	<u>13,406,244</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension plan	147,285	134,221
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 20,304,886</u>	<u>\$ 13,540,465</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 4,459,206	\$ 522,837
Accrued payroll	35,292	33,089
Accrued compensated absences	36,472	27,486
Unearned revenue	1,077,395	653,884
Deposits payable	25,075	25,248
TOTAL CURRENT LIABILITIES	<u>5,633,440</u>	<u>1,262,544</u>
NONCURRENT LIABILITIES		
Net pension liability	356,041	309,326
TOTAL LIABILITIES	<u>5,989,481</u>	<u>1,571,870</u>
DEFERRED INFLOWS OF RESOURCES		
Pension plan	13,801	17,723
NET POSITION		
Net investment in capital assets	12,725,661	10,071,226
Restricted for operations in specified service areas	41,492	50,117
Unrestricted	1,534,451	1,829,529
TOTAL NET POSITION	<u>14,301,604</u>	<u>11,950,872</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 20,304,886</u>	<u>\$ 13,540,465</u>

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

YUBA-SUTTER TRANSIT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
Passenger fares	\$ 1,147,721	\$ 1,255,421
Special transit fares	20,704	23,227
TOTAL OPERATING REVENUES	<u>1,168,425</u>	<u>1,278,648</u>
OPERATING EXPENSES		
Operations		
Purchased transportation	5,027,000	4,811,276
Depreciation	1,403,922	1,491,170
Fuel and lubricants	689,361	540,844
Maintenance and supplies	429,702	405,838
Vehicle insurance	282,051	276,788
Total operations	<u>7,832,036</u>	<u>7,525,916</u>
General administration		
Personnel costs	595,546	485,087
Services	111,637	71,156
Utilities	70,002	63,304
Casualty and liability insurance	29,959	28,225
Materials	8,653	10,472
Miscellaneous	21,393	26,278
Total general and administration	<u>837,190</u>	<u>684,522</u>
TOTAL OPERATING EXPENSES	<u>8,669,226</u>	<u>8,210,438</u>
NET LOSS FROM OPERATIONS	(7,500,801)	(6,931,790)
NONOPERATING REVENUES (EXPENSES)		
Federal transit administration operating grants	2,359,913	2,267,330
Local Transportation Fund	2,500,000	2,491,500
State Transit Assistance Fund operating	755,000	496,694
State operating grants	45,121	151,000
Advertising	37,025	37,872
Other revenues	88,313	90,993
Interest	7,804	5,353
Loss on disposal of capital assets		(1,900)
Intergovernmental expenses	(286,000)	
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>5,507,176</u>	<u>5,538,842</u>
NET LOSS BEFORE CAPITAL CONTRIBUTIONS	(1,993,625)	(1,392,948)
CAPITAL CONTRIBUTIONS		
State of California PTMISEA grant	3,389,487	
Federal Transit Administration capital grants	859,120	
Low Carbon Transit Operations Program grant	55,250	47,767
Sacramento Metropolitan Air Quality Management District capital grant	30,000	
State Proposition 1B Transit Security grant	10,500	38,810
TOTAL CAPITAL CONTRIBUTIONS	<u>4,344,357</u>	<u>86,577</u>
CHANGE IN NET POSITION	2,350,732	(1,306,371)
Net position at beginning of year	<u>11,950,872</u>	<u>13,257,243</u>
NET POSITION AT END OF YEAR	<u>\$ 14,301,604</u>	<u>\$ 11,950,872</u>

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

YUBA-SUTTER TRANSIT AUTHORITY

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 1,167,119	\$ 1,284,056
Cash paid to suppliers for goods and services	(6,807,533)	(6,314,053)
Cash paid to employees for services	(429,839)	(379,601)
NET CASH USED FOR OPERATING ACTIVITIES	<u>(6,070,253)</u>	<u>(5,409,598)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grants and subsidies	5,916,393	4,848,639
Cash paid to other government agencies	(286,000)	
Other nonoperating revenue	125,338	128,865
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>5,755,731</u>	<u>4,977,504</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants received	724,927	445,861
Proceeds from sale of capital assets		100
Purchase of capital assets	(110,652)	(86,577)
NET CASH (USED) PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>614,275</u>	<u>359,384</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings received	7,100	3,951
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>7,100</u>	<u>3,951</u>
INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	306,853	(68,759)
Cash and cash equivalents at beginning of year	<u>1,677,269</u>	<u>1,746,028</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,984,122</u>	<u>\$ 1,677,269</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEETS		
Cash and cash equivalents	\$ 1,415,017	\$ 1,203,064
Restricted cash and cash equivalents	569,105	474,205
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,984,122</u>	<u>\$ 1,677,269</u>
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES:		
Net loss from operations	\$ (7,500,801)	\$ (6,931,790)
Adjustments to reconcile net loss from operations to net cash used for operating activities:		
Depreciation	1,403,922	1,491,170
Construction in progress written-off as maintenance and supplies expense		
Changes in operating assets, deferred outflows, liabilities and deferred inflows:		
Accounts receivable	(1,306)	5,408
Prepaid expenses	(1,477)	12,385
Accounts payable	(11,336)	18,442
Accrued payroll	2,203	8,266
Accrued compensated absences	8,986	5,254
Deposits payable	(173)	
Net pension liability and related deferred inflows and outflows of resources	<u>29,729</u>	<u>(18,733)</u>
NET CASH USED FOR OPERATING ACTIVITIES	<u>\$ (6,070,253)</u>	<u>\$ (5,409,598)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Capital asset purchases payable	\$ 3,947,705	

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

YUBA-SUTTER TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Yuba-Sutter Transit Authority (the Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting principles of the Authority are described below.

Description of Reporting Entity: The Authority is a joint powers agency formed by Yuba and Sutter Counties and the Cities of Marysville and Yuba City, to provide transportation services in the Yuba-Sutter Bi-County Area. The Authority is governed by an eight member Board of Directors consisting of two members each from the Board of Supervisors of the counties of Yuba and Sutter and the City Councils of the cities of Yuba City and Marysville. The Authority operates a wide range of public transit services in both the rural and urbanized areas of Yuba and Sutter Counties, including the cities of Marysville, Yuba City, Wheatland, and Live Oak through the use of a transit contractor. These services include fixed routes and dial-a-ride in the urban areas, rural route deviation service to Live Oak, Wheatland, and the Yuba County foothills, and both commuter and midday service to Sacramento.

Basis of Presentation: The Authority's resources are allocated to and accounted for in these financial statements as an enterprise fund type of the proprietary fund group. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Unrestricted net position for the enterprise fund represents the net position available for future operations.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of this fund are included on the balance sheet. Net position is segregated into the net investment in capital assets, amounts restricted and amounts unrestricted. Enterprise fund-type operating statements present increases (i.e., revenue) and decreases (i.e., expenses) in net position.

The Authority uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. When such funds are received they are recorded as unearned revenues until earned. Transportation Development Act (TDA) revenues are recognized when all eligibility requirements have been met.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for transportation services. Operating expenses include the cost of purchased transportation, fuel and lubricants, administrative expenses, maintenance, insurance and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents: For the purposes of reporting cash flows, the Authority considers all cash and highly liquid investments purchased with an original maturity of three months or less and the investment in the Local Agency Investment Fund (LAIF) to be cash equivalents.

Restricted Cash and Cash Equivalents: Restricted cash and cash equivalents represents the unexpended amount received under the State Transportation Bond (Proposition 1B) and Low Carbon Transit Operations Program grants that must be held for use on approved projects. The amount is reported as noncurrent assets because the amount will be used for capital projects rather than for operations and does not meet the definition of a current asset.

YUBA-SUTTER TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2018 and 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets: Capital assets are valued at historical cost. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of one year or more. Provision is made for depreciation on the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Buildings and improvements	5-30 years
Vehicles	4-12 years
Equipment	5-10 years

Maintenance and repairs are charged to operations when incurred. Costs of assets sold or retired (and the related amounts of accumulated depreciation) are eliminated from the accounts in the year of sale or retirement and the resulting gain or loss is included in the operating statement.

Unearned Revenue: Unearned revenue at June 30, 2018 and 2017 consisted of unspent State Transit Assistance capital, State Transportation Bond (Proposition 1B) and Low Carbon Transit Operations Program revenue received prior to the qualifying expenses being incurred.

Compensated Absences: It is the Authority’s policy to permit employees to accumulate earned but unused annual leave benefits up to a maximum of 384 hours. Unused annual leave is paid to the employees upon termination. The Authority considers the entire balance of compensated absences to be a current liability.

Restricted Net Position: Restrictions of net position show amounts that are legally restricted for specific uses. The amount restricted for operations are for State Transit Assistance funds claimed on behalf of Wheatland and Live Oak that have not been spent.

Pension Plan: For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to the pension plan, and pension expense, information about the fiduciary net position of the Authority’s California Public Employees’ Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan’s 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.

Use of Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents reported on the balance sheet was as follows at June 30:

	2018	2017
Cash and cash equivalents	\$ 1,415,017	\$ 1,203,064
Restricted cash and cash equivalents	569,105	474,205
Total cash and cash equivalents	<u>\$ 1,984,122</u>	<u>\$ 1,677,269</u>

YUBA-SUTTER TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2018 and 2017

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

Cash and cash equivalents consisted of the following at June 30:

	2018	2017
Cash on hand	\$ 200	\$ 200
Deposits in financial institutions:		
Unrestricted	897,121	441,731
Restricted	569,105	474,205
Investment in Local Agency Investment Fund (LAIF)		
Unrestricted	517,696	761,133
Total cash and cash equivalents	\$ 1,984,122	\$ 1,677,269

Investment Policy: California statutes authorize districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 - Financial Affairs. The Authority’s investment policy permits investments only in time deposits and the State of California Local Agency Investment Fund (LAIF).

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2018 and 2017, the weighted average maturity of the investments contained in the LAIF investment pool was approximately 193 and 194 days, respectively.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Authority’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2018 and 2017, the carrying amount of the Authority’s deposits was \$1,466,226 and \$915,936 and the balance in financial institutions was \$1,938,299 and \$917,106, respectively. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance. The remaining amount \$1,688,299 and \$667,106 at June 30, 2018 and 2017, respectively, was collateralized by securities pledged by the financial institution, but not in the name of the Authority.

Investment in LAIF: LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The total fair value amount invested by all public agencies in LAIF was \$88,798,232,977, which is managed by the State Treasurer. Of that amount, 2.67% was invested in asset-back securities and structured financial instruments. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the Authority’s investment in this pool is reported in the accompanying financial statements at amounts 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.

YUBA-SUTTER TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2018 and 2017

NOTE C – DUE FROM OTHER GOVERNMENTAL AGENCIES

Amounts due from other governmental agencies consisted of the following at June 30:

	2018	2017
Sacramento Area Council of Governments (PTMISEA)	\$ 3,389,487	
State Department of Transportation (FTA pass-through) grants	714,782	\$ 390,675
Sacramento Area Council of Governments (LTF)	489,966	492,994
Federal Transit Administration (FTA) grants	423,000	525,000
Sacramento Area Council of Governments (STA)	298,626	174,738
Other	115,564	61,436
Total due from other governmental agencies	\$ 5,431,425	\$ 1,644,843

NOTE D – CAPITAL ASSETS

Capital asset activity was as follows for the years ended June 30:

	Balance at July 1, 2017	Additions	Retirements	Balance at June 30, 2018
Capital assets, not being depreciated				
Land	\$ 905,570			\$ 905,570
Work in progress		\$ 3,962,607		3,962,607
Total capital assets not being depreciated	905,570	3,962,607		4,868,177
Capital assets, being depreciated:				
Buildings and improvements	4,422,435	85,250		4,507,685
Vehicles	14,814,558			14,814,558
Maintenance tools and equipment	114,818			114,818
Office equipment	138,595	10,500		149,095
Total capital assets being depreciated	19,490,406	95,750		19,586,156
Less accumulated depreciation for:				
Buildings and improvements	(1,456,721)	(157,749)		(1,614,470)
Vehicles	(8,646,441)	(1,237,200)		(9,883,641)
Maintenance tools and equipment	(85,551)	(6,200)		(91,751)
Office equipment	(136,037)	(2,773)		(138,810)
Total accumulated depreciation	(10,324,750)	(1,403,922)		(11,728,672)
Total capital assets being depreciated, net	9,165,656	(1,308,172)		7,857,484
Capital assets, net	\$ 10,071,226	\$ 2,654,435	\$ -	\$ 12,725,661

YUBA-SUTTER TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2018 and 2017

NOTE D – CAPITAL ASSETS (Continued)

	Balance at July 1, 2016	Additions	Retirements	Balance at June 30, 2017
Capital assets, not being depreciated				
Land	\$ 905,570			\$ 905,570
Total capital assets not being depreciated	<u>923,728</u>			<u>905,570</u>
Capital assets, being depreciated:				
Buildings and improvements	4,335,858	\$ 86,577		4,422,435
Vehicles	14,843,979		\$ (29,421)	14,814,558
Maintenance tools and equipment	114,818			114,818
Office equipment	138,595			138,595
Total capital assets being depreciated	<u>19,385,465</u>	<u>86,577</u>	<u>(29,421)</u>	<u>19,490,406</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,306,594)	(150,127)		(1,456,721)
Vehicles	(7,350,391)	(1,323,471)	27,421	(8,646,441)
Maintenance tools and equipment	(76,639)	(8,912)		(85,551)
Office equipment	(127,377)	(8,660)		(136,037)
Total accumulated depreciation	<u>(8,861,001)</u>	<u>(1,491,170)</u>	<u>27,421</u>	<u>(10,324,750)</u>
Total capital assets being depreciated, net	<u>10,524,464</u>	<u>(1,404,593)</u>	<u>(2,000)</u>	<u>9,165,656</u>
Capital assets, net	<u>\$ 11,448,192</u>	<u>\$ (1,404,593)</u>	<u>\$ (2,000)</u>	<u>\$ 10,071,226</u>

NOTE E – FARE REVENUE RATIO

The Authority is required by the Sacramento Area Council of Governments (SACOG) to maintain a fare revenue ratio to operating expense ratio of 14.6% in accordance with the Transportation Development Act (TDA). The operating exemption is based on the net operation expense per vehicle service hour. The fare revenue ratios were as follows for the years ended June 30:

	2018	2017
Fare revenues	<u>\$ 1,168,425</u>	<u>\$ 1,278,648</u>
Total operating expenses	\$ 8,669,226	\$ 8,210,438
Less: depreciation	<u>(1,403,922)</u>	<u>(1,491,170)</u>
Net operating expenses	<u>\$ 7,265,304</u>	<u>\$ 6,719,268</u>
Fare revenue ratio	<u>16.08%</u>	<u>19.03%</u>

The Authority was in compliance with the required minimum fare revenue ratio at June 30, 2018 and 2017.

NOTE F – INSURANCE

The Authority is exposed to the ordinary risk of loss in the normal course of business: general liability, automobile, and property. Commercial insurance is purchased to cover these potential areas of risk. There have been no significant reductions in insurance coverage from coverage in the prior fiscal year. Also, there have not been any settlements in excess of the insurance coverage for the past three fiscal years.

YUBA-SUTTER TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2018 and 2017

NOTE G – PENSION PLAN

Plan Descriptions: All qualified permanent and probationary employees are eligible to participate in the Authority’s cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). The Authority participates in the Miscellaneous Risk Pool and the following rate plans:

- Miscellaneous rate plan
- PEPRA Miscellaneous rate plan

Benefit provisions under the Plan are established by State statute and Board resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

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 (52 for PEPRA Miscellaneous Plan) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the 1959 Survivor Benefit level 3, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the Plan are applied as specified by the Public Employees’ Retirement Law. The Plan’s provisions and benefits in effect at June 30, 2018 and 2017 are summarized as follows:

	PEPRA	
	Miscellaneous	Miscellaneous
	Prior to	On or after
	January 1, 2013	January 1, 2013
CalPERS membership date		
Benefit formula (at full retirement)	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Final average compensation period	Three years	Three years
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.426% to 2.418%
Required employee contribution rates 2017	7.000%	6.250%
Required employer contribution rates 2017	8.377%	6.555%
Required employee contribution rates 2018	7.000%	6.250%
Required employer contribution rates 2018	8.418%	6.533%

The Miscellaneous rate plan is closed to new members that are not already CalPERS participants. The 2018 and 2017 Miscellaneous rate plan contribution percentages above reflects a pre-payment of the Employer Unfunded Accrued Liability (UAL). The contribution percentages without that prepayment would have been 17.933% and 15.436% for the years ended June 30, 2018 and 2017, respectively.

Contributions: Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The employer contributions for the Plan were \$51,091 and \$45,090 for the years ended June 30, 2018 and 2017, respectively.

YUBA-SUTTER TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2018 and 2017

NOTE G – PENSION PLAN (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions: As of June 30, 2018 and 2017, the Authority reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$356,041 and \$309,326, respectively.

The Authority's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan for the years ended June 30, 2018 and 2017 was measured as of June 30, 2017 and 2016, respectively, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2016 and 2015 rolled forward to June 30, 2017 and 2016, respectively, using standard update procedures. 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 plan relative to the projected contributions of all participating employers, actuarially determined. The Authority's proportionate share of the net pension liability as of the June 30, 2017, 2016 and 2015 measurement dates were as follows:

Proportion - June 30, 2016	0.008949%
Proportion - June 30, 2017	0.008904%
Change - Increase (decrease)	-0.000045%
Proportion - June 30, 2018	0.009030%
Change - Increase (decrease)	-0.000126%

For the years ended June 30, 2018 and 2017, the Authority recognized pension expense of \$80,820 and \$26,357. The Authority reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources as of June 30:

	2018		2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 51,091		\$ 45,090	
Differences between expected and actual experience	482	\$ (6,899)	1,445	\$ (330)
Changes in assumptions	59,749	(4,556)		(13,668)
Net differences between projected and actual earnings on pension plan investments	13,513		71,136	
Adjustments due to differences in proportions	14,818	(2,346)	8,473	(3,725)
Difference between actual and allocated contribution	7,632		8,077	
Total	<u>\$ 147,285</u>	<u>\$ (13,801)</u>	<u>\$ 134,221</u>	<u>\$ (17,723)</u>

The \$51,091 and \$45,090 at June 30, 2018 and 2017 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 subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized as pension expense as follows as of June 30:

Year Ended	2018	2017
June 30		
2018		\$ 12,278
2019	\$ 23,517	8,814
2020	41,001	31,890
2021	25,898	18,426
2022	(8,023)	
	<u>\$ 82,393</u>	<u>\$ 71,408</u>

YUBA-SUTTER TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2018 and 2017

NOTE G – PENSION PLAN (Continued)

Actuarial Assumptions: The total pension liabilities in actuarial valuations for the Plan was determined using the following actuarial assumptions at June 30:

	2018	2017
Valuation Date	June 30, 2016	June 30, 2015
Measurement Date	June 30, 2017	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.65%
Inflation	2.75%	2.75%
Payroll Growth	2.75%	2.75%
Projected Salary Increase	3.2% - 12.2% (1)	3.2% - 12.2% (1)
Investment Rate of Return	7.375%	7.65%
Mortality	CalPERS Table	CalPERS Table

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment expenses, including inflation
- (3) 20 years of mortality improvement - Society of Actuaries Scale BB.

The underlying mortality assumptions and all other actuarial assumptions were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Change of Assumptions: In the June 30, 2017 accounting valuation, the financial reporting discount rate for the Plan was lowered from 7.65% to 7.15%. Deferred outflows of resources for changes of assumptions represents the unamortized portion of this assumption change.

Discount Rate: The discount rate used to measure the total pension liability was 7.15% and 7.65% in the June 30, 2017 and 2016 accounting valuations used for the years ended June 30, 2018 and 2017, respectively. 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 run out of assets. Therefore, the current discount rate is appropriate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate 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) were 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 for the Plan for the years ended June 30. 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.

YUBA-SUTTER TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2018 and 2017

NOTE G – PENSION PLAN (Continued)

Asset Class	2018			2017		
	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.0%	4.90%	5.38%	51.0%	5.25%	5.71%
Fixed Income	19.0%	0.80%	2.27%	20.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.60%	1.39%	6.0%	0.45%	3.36%
Private Equity	12.0%	6.60%	6.63%	10.0%	6.83%	6.95%
Real Estate	11.0%	2.80%	5.21%	10.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	3.90%	5.36%	2.0%	4.50%	5.09%
Liquidity	2.0%	-0.40%	-0.90%	1.0%	-0.55%	-1.05%
Total	100.0%			100.0%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

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 the Plan, calculated using the discount rate for the 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:

	2018	2017
1% Decrease	6.15%	6.65%
Net Pension Liability	\$ 552,992	\$ 480,093
Current Discount Rate	7.15%	7.65%
Net Pension Liability	\$ 356,041	\$ 309,326
1% Increase	8.15%	8.65%
Net Pension Liability	\$ 192,923	\$ 168,195

Pension Plan Fiduciary Net Position: Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan: At June 30, 2018 and 2017, the Authority reported a payable of \$2,441 and \$2,360 for the outstanding amount of contributions to the Plan.

NOTE H – CONTINGENT LIABILITIES AND COMMITMENTS

Contingencies: The Authority has received Federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the Authority believes such disallowance, if any, will be immaterial.

Commitments: On September 4, 2014, the Authority entered into a three-year agreement with Transdev Services Incorporated to provide transit services through September 30, 2017. The Authority extended the contract for two additional option years through September 30, 2019 with price formulas adjusted by any changes in the Consumer Price Index. The second extended contract included a rate increase of 2.21% across all cost categories. The amounts payable to Transdev under the agreement are expected to be \$5,378,684 during the fiscal year ended June 30, 2019. When the agreement ends, the Authority may, at its sole discretion, extend the term of this agreement on a month to month basis up to six months at the rate in effect during the last month of the agreement.

YUBA-SUTTER TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2018 and 2017

NOTE I – OTHER STATE GRANTS

Proposition 1B Transit Grant: As approved by the voters in the November 2012 general election, Proposition 1B enacts the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2012 to authorize \$19.925 billion of state general obligation bonds for specified purposes, including, among other purposes, transit and passenger rail improvements, state-local partnership transportation projects, and transit security projects.

The Authority applied for and received proceeds of \$107,428 for obtaining an emergency generator during the year ended June 30, 2018. The Authority also had unspent funds from previous years for at June 30, 2018 received for the purposes described in the following table. Qualifying expenses must be encumbered within three years from the date of the allocation and expended within three years from the date of the encumbrance. Proposition 1B Transit Grant funds received and expended were verified in the course of the audit as follows for the years ended June 30:

	2018						Total
	Emergency Generator	Mobile Video Surveillance	Mobile Video Retrofit	Facility Security Upgrade	Automatic Vehicle Location Phase I	Automatic Vehicle Location Phase II	
Beginning Balance		\$ 24,610	\$ 39,084	\$ 51,222	\$ 44,320	\$ 134,458	\$ 293,694
Proposition 1B funds received	\$ 107,428						107,428
Changes in unspent interest	31	(412)	19	26	22	269	(45)
Expenses incurred:							
Mobile video surveillance		(24,198)					(24,198)
Mobile video retrofit			(2,896)				(2,896)
Unexpended proceeds, including interest	<u>\$ 107,459</u>	<u>\$ -</u>	<u>\$ 36,207</u>	<u>\$ 51,248</u>	<u>\$ 44,342</u>	<u>\$ 134,727</u>	<u>\$ 373,983</u>

	2017						Total
	Park & Ride Video Surveillance	Mobile Video Surveillance	Mobile Video Retrofit	Facility Security Upgrade	Automatic Vehicle Location Phase I	Automatic Vehicle Location Phase II	
Beginning Balance	\$ 17,061	\$ 62,349	\$ 134,389				\$ 213,799
Proposition 1B funds received				\$ 90,000	\$ 44,302	\$ 134,302	268,604
Changes in unspent interest	(1,014)	78	40	32	18	156	(690)
Expenses incurred:							
Park & ride video surveillance	(16,047)						(16,047)
Mobile video surveillance		(37,817)					(37,817)
Mobile video retrofit			(95,345)				(95,345)
Facility security upgrade				(38,810)			(38,810)
Unexpended proceeds, including interest	<u>\$ -</u>	<u>\$ 24,610</u>	<u>\$ 39,084</u>	<u>\$ 51,222</u>	<u>\$ 44,320</u>	<u>\$ 134,458</u>	<u>\$ 293,694</u>

Unearned revenue at June 30, 2018 is less than the restricted cash balance due to payables outstanding of \$7,923.

PTMISEA: Of the \$19.925 billion of State general obligation bonds authorized by Proposition 1B discussed above, \$4 billion was set aside by the State as instructed by the 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. PTMISEA funds of \$3,398,487 were accrued during the year ended June 30, 2018 for the purchase of seven commuter buses. No PTMISEA funds were received during the year ended June 30, 2017. The Authority applied for additional funds from the State PTMISEA account for the purchase of buses, as described in Note J.

YUBA-SUTTER TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2018 and 2017

NOTE I – OTHER STATE GRANTS (Continued)

State of Good Repair: State of Good Repair (SGR) was established by the California Legislature in 2017 by Senate Bill 1. SGR is a program that provides public transportation agencies with a consistent and dependable revenue source to invest in the upgrade, repair, and improvement of the transportation infrastructure and improve transportation services. Sacramento Area Council of Governments has elected to treat these funds on a cost reimbursement basis. No SGR funds were received or expended during the years ended June 30, 2018 and 2017.

LCTOP: The Low Carbon Transit Operations Program (LCTOP) was established by the California Legislature in 2014 by Senate Bill 862. The LCTOP provides funds to transit agencies to reduce greenhouse gas emission and improve mobility through operating and capital grants. Projects approved for LCTOP will support bus or rail services, expand intermodal transit facilities, and may include equipment acquisition, fueling, maintenance and other costs to operate those services or facilities, with each project reducing greenhouse gas emissions. The Authority received \$82,455 of LCTOP funding for the connect card program during the year ended June 30, 2018. The Authority had \$179,315 of unspent LCTOP funds for transit stop enhancements and the connect card program at June 30, 2018. LCTOP funds received and expended were verified in the course of the audit as follows for the years ended June 30:

	2018			2017		
	FY16/17			North		
	Transit Stop Enhancements	Connect Card Program	Total	Transit Stop Enhancements	Beale Road Transit Center	Total
Beginning Balance	\$ 180,511		\$ 180,511	\$ 180,421	\$ 49,588	\$ 230,009
LCTOP funds received		\$ 82,455	82,455			
Changes in unspent interest	88	38	126	90	(30)	60
Expenses incurred:						
Transit stop enhancements	(55,250)		(55,250)			
Connect Card program		(28,527)	(28,527)			
Transit center					(49,558)	(49,558)
Unexpended proceeds, including interest	\$ 125,349	\$ 53,966	\$ 179,315	\$ 180,511	\$ -	\$ 180,511

Unearned revenue at June 30, 2018 is less than the restricted cash balance due to payables outstanding of \$7,884.

NOTE J – SUBSEQUENT EVENTS

On October 18, 2018, the Board of Directors authorized the purchase of ten demand response/rural route buses and related equipment for an amount not to exceed \$950,000. The Authority anticipates Federal Transit Administration and PTMISEA funds of \$701,424 and \$248,576, respectively, will be available to fund the purchase and expects to complete this bus purchase during the year ended June 30, 2019.

On December 20, 2018, the Board of Directors authorized the purchase of eleven fixed route buses and related equipment for an amount not to exceed \$5,500,000. The Authority anticipates Federal Transit Administration, State of Good Repair and State Transit Assistance funds will be available to fund the purchase. The buses are expected to be received in November 2019.

REQUIRED SUPPLEMENTARY INFORMATION

YUBA-SUTTER TRANSIT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2018 and 2017

SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - MISCELLANEOUS PLAN (UNAUDITED)
Last 10 Years

	2018	2017	2016	2015
Proportion of the net pension liability at measurement date	0.00903%	0.008904%	0.008949%	0.003920%
Proportionate share of the net pension liability	\$ 356,041	\$ 309,326	\$ 245,520	\$ 243,615
Covered payroll for measurement period	\$ 323,320	\$ 301,224	\$ 290,280	\$ 279,533
Proportionate share of the net pension liability as a percentage of covered payroll	110.12%	102.69%	84.58%	87.15%
Plan fiduciary net position	\$ 1,075,838	\$ 959,081	\$ 923,112	\$ 876,269
Plan fiduciary net position as a percentage of the total pension liability	75.13%	75.61%	78.99%	78.25%

Notes to Schedule:

Benefit changes: There were no changes to benefit terms.

Changes in assumptions: The discount rate was changed to 7.15% from 7.65% in the June 30, 2017 accounting valuation.

SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN - MISCELLANEOUS PLAN (UNAUDITED)
Last 10 Years

	2018	2017	2016	2015
Contractually required contribution during employer's fiscal year (actuarially determined)	\$ 51,091	\$ 45,090	\$ 40,421	\$ 42,571
Contributions in relation to the actuarially determined contributions	(51,091)	(45,090)	(40,421)	(42,571)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll for employer's fiscal year	\$ 370,163	\$ 323,320	\$ 301,224	\$ 290,280
Contributions as a percentage of covered payroll	13.80%	13.95%	13.42%	14.67%

Notes to Schedule:

Valuation date:	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Measurement date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Investment rate of return and discount rate used to determine contributions	7.375%	7.50%	7.50%	7.50%

Methods and assumptions used to determine contribution rates:

Actuarial method	Entry age normal cost method
Amortization method	Difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average service life of participants.
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies depending on entry age and service
Retirement age	50-67 years. Probabilities of retirement are based on the CalPERS Experience Study for the period 1997 to 2007.
Mortality	CalPERS specific data from the April 2014 Actuarial Experience Study for the period 1997 to 2011 that uses 20 years of mortality improvements using Society of Actuaries Scale BB.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date. Additional years will be added prospectively as they become available until 10 years are reported.

COMPLIANCE REPORTS



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*, THE TRANSPORTATION
DEVELOPMENT ACT AND OTHER STATE PROGRAM GUIDELINES

To the Board of Directors
Yuba-Sutter Transit Authority
Marysville, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Yuba-Sutter Transit Authority (the Authority), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 31, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters (including State grant programs)

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our audit was further made to determine that Transportation Development Act (TDA) Funds allocated and received by the Authority were expended in conformance with the applicable statutes, rules and regulations of the TDA and Section 6667 of the California Code of Regulations. We also tested the receipt and appropriate expenditures of other state grant funds, as presented in Note I of the financial statements, in accordance with State grant program statutes and guidelines. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, the TDA or State grant program requirements.

To the Board of Directors
Yuba-Sutter Transit Authority

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards*, the TDA and State grant programs in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richardson & Company, LLP

December 31, 2018



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Yuba-Sutter Transit Authority
Marysville, California

Report on Compliance for Each Major Federal Program

We have audited the Yuba-Sutter Transit Authority's, (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2018. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal

To the Board of Directors
Yuba-Sutter Transit Authority

program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Richardson & Company, LLP

December 31, 2018

YUBA-SUTTER TRANSIT AUTHORITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2018

A. Summary of Auditor's Results

Financial Statements

- | | |
|---|---------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal controls over financial reporting: | |
| a. Material weaknesses identified | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to financial statements under <i>Government Auditing Standards</i> noted? | No |

Federal Awards

- | | |
|--|------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| 2. Type of auditor's report issued on compliance for major programs: | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular 2 CFR Section 200.516(a)? | No |

4. Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
20.509	Formula Grants for Rural Areas, Passed-through State of California, Department of Transportation

- | | |
|---|------------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs? | \$ 750,000 |
| 6. Auditee qualified as a low-risk auditee under 2 CFR Section 200.516(a)? | Yes |

YUBA-SUTTER TRANSIT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

For the Year Ended June 30, 2018

B. Current Year Findings – Financial Statements

None

C. Current year Findings and Questioned Costs – Federal Awards Programs

None

D. Prior Year Findings

None

YUBA-SUTTER TRANSIT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2018

Federal Grantor/Pass-through Grantor, if Applicable/ Program Title/Grant or Pass-through Number	Federal CFDA Number	Pass-through Entity Identifying Number	Award Amount	Expenditures
U. S. Department of Transportation, Federal Transit Administration				
Passed-through the State of California, Department of Transportation				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	74A0909	\$ 106,200	\$ 58,916
Formula Grants for Rural Areas				
Section 5311	20.509	64BC17-00441	526,572	500,120
Section 5311	20.509	64BO19-00828	200,000	200,000
Section 5311	20.509	64A0234	997	997
Section 5317	20.509	648728A-03	46,000	46,000
Section 5317	20.509	640727-03	40,000	40,000
Total CFDA 20.509			<u>813,569</u>	<u>787,117</u>
Total passed-through the State of California, Department of Transportation			<u>919,769</u>	<u>846,033</u>
Federal Transit Cluster				
Federal Transit Formula Grants, Direct Program				
Section 5307	20.507	CA-2018-020-00	2,100,000	2,100,000
Section 5307	20.507	CA-90-Z031-03	200,000	200,000
Total CFDA 20.507			<u>2,300,000</u>	<u>2,300,000</u>
Bus and Bus Facilities Formula Program, Direct Program				
Section 5339	20.526	CA-2017-048-00	458,940	73,000
Total Federal Transit Cluster			<u>2,758,940</u>	<u>2,373,000</u>
Total U. S. Department of Transportation, Federal Transit Administration			<u>3,678,709</u>	<u>3,219,033</u>
TOTAL FEDERAL AWARDS			<u>\$ 3,678,709</u>	<u>\$ 3,219,033</u>

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this schedule.

YUBA-SUTTER TRANSIT AUTHORITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2018

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Yuba-Sutter Transit Authority under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the Authority's operations, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenses reported on the Schedule are reported on the accrual basis of accounting. Such expenses are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenses are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COSTS

The Authority did not charge indirect costs to its federal programs.

NOTE D – SUBRECIPIENTS

There were no subrecipients of the Authority's programs during the year ended June 30, 2018.