



108 S. Main Street
Alturas, CA 96101
(530) 233-6410 Phone

Meets First Tuesday
even-numbered months
after MCTC meeting
or about 2:15 p.m.

Board of Directors

John Dederick
Chairman
City Representative

Kathie Rhoads
Vice Chair
County Supervisor
District III

Bobby Ray
Director
Mayor, City of Alturas

Elizabeth Cavasso
Director
County Supervisor
District IV

Danny Parker
Director
City at Large Member

Jim Wills
Director
County at Large Member

Ned Coe
Alternate
County Supervisor
District I

Cheryl Nelson
Alternate
City Councilman

Staff

Debbie Pedersen
Executive Director

Niki Lemke
Chief Fiscal Officer

Cindy Imbach
Sr. Transportation Planner

Michelle Cox
Assistant Secretary

AGENDA

REGULAR MEETING

DECEMBER 3, 2019

Sage Stage Conference Room

108 S Main Street, Alturas

Following the MCTC meeting at or about 1:30 p.m.

1. **Call to Order** – introductions, as needed.
2. **Public Forum** - Citizens may address the Commission with matters that are related directly to Commission responsibilities. If any matters call for action by the Commission, they will be placed on subsequent agendas. Because the Chairman may limit speakers to five (5) minutes each, citizens are encouraged to contact the Chairman or staff for assistance before the meeting.
3. **Confirm Agenda** **Action**
4. **Consent Agenda** **Action**
 - a. Approve the minutes from the 10/01/19 MTA Regular Meeting.
 - b. Financial Transactions 09/01/19 through 10/31/19.
 - c. YTD expenditures through 10/31/19.
 - d. System Information and Statistics.
5. **Regular Business** **Information/Action**
 - a. Consider approval/adoption of the Fiscal Compliance Audits for Fiscal Year 2018/19.
 - b. Consider adopting Resolution 19-05 Calendar Year 2020 Authorized Signatories.
 - c. Nominate Chair/Vice Chair for Calendar Year 2020.
6. **Staff Updates and Calendar of Events** **Information**
 - a. Staff updates
 - b. Calendar of Events
7. **Adjourn until next regular MTA meeting**, scheduled for February 4, 2020, (Tuesday) in the City Council Chambers, 200 W North Street, Alturas, CA, at about 2:15 p.m., following the MCTC meeting.

Report to Modoc Transportation Agency Board Members	
Subject Consent Agenda	Meeting Date December 3, 2019
Presented by MTA Staff	Agenda Item 4

Consent Agenda - Note: Attachments shown in **bold** type

- a. Approve minutes from the **10/01/19 MTA Regular Meeting**
- b. **Financial Transactions – 09/01/19 through 10/31/19**

Summary of incidental expenditures

Vendor	Transaction	Amount	Explanation
Perry's Automotive	2945	6,484.28	T17 - Replace High Pressure Injection Pump
Perry's Automotive	2969	1,975.02	T17 - Sch A, Replace Reductant Heater & Batteries
Perry's Automotive	2974	3,931.23	T18 Replace Reductant Heater, NOX Sensors & OE Def Pump
Basin Tire	2975	1,812.00	T14/T18 Tires
Susanville Towing	2979	800.00	T18 Tow Services to Perry's

- c. **Year to Date revenue and expenditure (through 10/31/19) report.**
- d. **System Information and Statistics**



MODOC TRANSPORTATION AGENCY
108 South Main, Alturas, CA 96101
Phone (530) 233-6410

MINUTES
Regular Meeting
October 1, 2019

Board Members Present

Kathie Rhoads, Vice Chair
Elizabeth Cavasso
Bobby Ray
Jim Wills
Danny Parker

Board of Supervisors, District III, Modoc County
Board of Supervisors District IV, Modoc County
Mayor, City of Alturas
County At-Large Member
City At-Large Member

Board Members Absent

John Dederick, Chair
Ned Coe (Alternate)
Cheryl Nelson (Alternate)

Representative, City of Alturas
Board of Supervisors, District 1, Modoc County
Councilmember, City of Alturas

Staff Present

Debbie Pedersen
Cindy Imbach
Michelle Cox

Executive Director
Senior Transportation Planner
Assistant Secretary 2

Public Present

Annamarie Jones

Citizen

1. **Call to Order** – Vice Chair Rhoads called the meeting to order at 2:11p.m. in the Alturas City Hall Chambers, 200 W. North Street, Alturas, CA.
2. **Public Forum** –Annamarie Jones questioned the location of the MTA meeting and questioned whether she was on the agenda. She was assured that she was on the agenda.
3. **Confirm Agenda** –Motion by Board Member Parker to confirm agenda, seconded by Board Member Ray. All Ayes; motion carried.
4. **Consent Agenda**
 - a. Approve minutes from 06/04/19 MTA Regular Meeting.
 - b. Financial Transactions 05/01/19 through 08/31/19.
 - c. Year-To-Date revenue and expenditure report through 08/31/19

Summary of incidental expenditures

Vendor	Transaction	Amount	Explanation
Perry's	2855	848.73	T17 Sch A / Brake & Bike Rack Inspect
Skyline Printing	2869	840.00	Updated Printed Schedules
Sloan Sakai Yeung	2883	802.00	Review Third Party Contract
Perry's	2888	957.19	T14 Repair Fuses / T20 Schedule A
Golden State Risk Mgmt.	2886	2,000.00	Property & Liability Ins.
Perry's	2908	1,419.60	T17 Sch A / Engine Light / Headlights
Perry's	2935	808.90	T20 Front Alignment

d. System Information and Statistics

1. Sage Stage Operations Report – Performance (unaudited statistics).

Month	Passenger Trips			Miles			Fares		
	2019	2018	Change	2019	2018	Change	2019	2018	Change
May	1,303	1,055	↑ 23.5%	11,262	10,105	↑ 11.4%	\$5,199	\$4,242	↑ 22.6%
June	1,150	997	↑ 15.3%	10,105	9,648	↑ 4.7%	\$5,246	\$5,777	↓ 9.2%
July	1,209	1,040	↑ 16.3%	10,969	9,476	↑ 15.8%	\$5,541	\$4,630	↑ 19.7%
Aug	1,195	1,288	↓ 7.2%	10,880	11,487	↓ 5.3%	\$4,873	\$5,631	↓ 13.5%
Sept	1,179	1,029	↑ 14.6%	10,118	9,912	↑ 2.1%	4,769	\$4,029	↑ 18.4%

11. Revenue Service Miles compared to Fuel Costs.

Month	Miles			Fuel Cost			Fuel Cost per Mile		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
May	11,262	10,105	12,209	\$3,420	\$3,206	\$2,580	.30¢	.32¢	.21¢
June	10,105	9,648	10,933	\$2,656	\$3,066	\$2,357	.26¢	.32¢	.22¢
July	10,969	9,476	10,412	\$2,279	\$2,983	\$2,357	.21¢	.31¢	.23¢
Aug	10,880	11,487	12,232	\$4,528	\$3,633	\$2,973	.42¢	.32¢	.24¢
Sept	10,118	9,912	10,549	\$2,867	\$3,085	\$2,729	.28¢	.31¢	.26¢

111. Ridership - US 395 intercity route by county of origin or destination (O/D) – Operates between Alturas, Susanville, and Reno on reservation basis three (3) times per week on Mondays, Wednesdays, and Fridays.

Month	Modoc O/D		Lassen O/D		Total Route Ridership	
	2019	2018	2019	2018	2019	2018
May	46	48	65	57	111	105
June	30	70	93	98	123	168
July	54	61	97	75	151	136
Aug	53	45	70	98	123	143
Sept	45	41	74	67	119	108

Board member Ray had questions regarding transactions on the MTA account summery and Executive Director, Pedersen cleared up the questions. Board member Cavasso, questioned why the passenger count was up in June 2019 but the fare amount was down. Senior Transportation Planner, Cindy Imbach explained that it is because of prepaid fare cards.

Motion by Board Member Wills to approve consent agenda items a through d above, seconded by Board Member Parker. All Ayes; motion carried.

5. Regular Business

- a. Annamarie Jones re: follow up complaint from 6/4/19 MTA meeting.
Ms. Jones indicated she is still being refused bus service. The MTA board and Executive Director, Debbie Pedersen explained that she had not been refused service and can ride the bus at any time by calling the office or driver to make a reservation. Pedersen indicated that she has not called the office or the driver to make a reservation and that there have been no changes to the policy and all passengers follow the same policies.
- b. Consider Adopting Resolution 19-04 Zero Tolerance Drug and Alcohol Policy.
MTA is required to adopt a Drug and Alcohol Policy in accordance with Federal Transit Administration's (FTA's) regulations for grantees. Staff recommends adopting First Transits Zero Tolerance Drug and Alcohol Policy.

Motion by Board Member Cavasso to adopt Resolution 19-04 Zero Tolerance Drug and Alcohol Policy, seconded by Board Member Parker. All ayes; motion carried.

- c. Consider approval of FY 2018/19 Annual True Up and Reconciliation.
Under the Transportation Development Act and the California Code of Regulations no operator or transit provider shall receive Local Transportation funds or State Transit Assistance Funds exceeding actual net costs. Motion by Board Member Ray to approve (a) – (b). Approve \$14,000 be transferred from the MTA LAIF trust to the MTA operating account then to the LTF trust

account for reallocation and the negative balance of -\$23,807.51 to be circulated back into LTF trust for FY 2019/20.

Motion by Board Member Ray to approve FY 2018/19 Annual True Up and Reconciliation, seconded by Board Member Wills. All ayes; motion carried.

d. Information/discussion Sage Stage Fact Sheet.

Executive Director, Debbie Pedersen created a Sage Stage fact sheet to provide information about how the Sage Stage operates, how it is funded and to clear up any confusion for local groups.

6. Staff Update, Communications, and Calendar

- First Transit – Debbie Pedersen reported First Transit has been great as our new third-party contractor. They come to the office and have safety meetings every other month and are very involved with the drivers. Board member Ray questioned why our last payment to MV Transportation was \$16,991.30 and our first payment to First Transit was \$19,199.96. Pedersen explained the difference is management fees. First Transit will be here October 10, 2019 to meet with CHP for our Terminal Inspection.
- 2019 Health Fair – Cindy Imbach reported the 2109 Health Fair was a success. There were 108 visitors at the booth. Rider guides and candy were given out.
- Water lines interconnected – MTA previously had three city water meters. One for the main building, one for the shop and one for the Sage Stage park. All three lines are connected and are on one meter now.

Calendar – consider future dates and events of interest:

10/01/19 MCTC and MTA Meetings Alturas City Hall Council Chambers 1:30pm.
10/14/19 Columbus Day – Holiday; Office closed – Sage Stage bus is operating.
11/11/19 Veterans Day - Holiday; Office closed – Sage Stage bus is operating.
11/28/19 Thanksgiving Day- Holiday; Office closed – no bus service.
11/29/19 Day following Thanksgiving – Holiday; Office closed – no bus service.
12/03/19 MCTC and MTA Annual BBQ Agency Offices 12:00pm.
12/03/19 MCTC and MTA Meetings Sage Stage Conference Room 12:45pm.

7. Adjournment

Motion to adjourn by Board Member Cavasso at 2:39p.m.; seconded by Board Member Parker. All Ayes, motion carried. The next regular meeting will be Tuesday December 3, 2019 in the sage Stage Conference Room 108 S. Main Street, Alturas at 1:20 p.m. or soon thereafter.

Submitted by,

Michelle Cox
Assistant Secretary 2

Modoc Transportation Agency
Transactions by Account
As of October 31, 2019

Date	Num	Name	Amount	Balance
Plumas Operating MTA-0477				319,936.08
Reserve - LTF / LCTOP Exchange				19,421.00
Total Reserve - LTF / LCTOP Exchange				19,421.00
Reserve - Vehicles				23,175.00
Total Reserve - Vehicles				23,175.00
Reserve - Building Improvements				11,218.26
Total Reserve - Building Improvements				11,218.26
Plumas Operating MTA-0477 - Other				266,121.82
09/03/2019		Farebox	241.25	266,363.07
09/03/2019	2936	A-Z Bus Sales, Inc.	-31.22	266,331.85
09/03/2019	90319	Basys Processing, Inc.	-110.75	266,221.10
09/03/2019	2937	City Of Alturas	-88.06	266,133.04
09/04/2019		Farebox	182.00	266,315.04
09/04/2019		Farebox	22.00	266,337.04
09/04/2019		Farebox	53.00	266,390.04
09/04/2019		Farebox	18.00	266,408.04
09/05/2019		Farebox	365.00	266,773.04
09/05/2019	90519	TCE Communications	-49.26	266,723.78
09/06/2019		Farebox	147.38	266,871.16
09/06/2019	2938	EDI Media	-150.00	266,721.16
09/06/2019		Farebox	44.00	266,765.16
09/06/2019		Farebox	10.00	266,775.16
09/09/2019		Farebox	173.31	266,948.47
09/09/2019		Farebox	90.00	267,038.47
09/09/2019	2939	Frontier Communications	-107.62	266,930.85
09/09/2019	2940	Pepsi-Cola Bottling Company	-39.99	266,890.86
09/09/2019		Farebox	20.00	266,910.86
09/10/2019		Farebox	172.01	267,082.87
09/10/2019	2941	Ed Staub & Sons	-4,527.70	262,555.17
09/10/2019	2942	First Transit, Inc.	-20,153.54	242,401.63
09/10/2019	2943	Perry's Automotive	-783.40	241,618.23
09/10/2019	2944	Waste Management	-27.13	241,591.10
09/10/2019		Farebox	66.00	241,657.10
09/11/2019		Farebox	74.00	241,731.10
09/11/2019		Farebox	22.00	241,753.10
09/11/2019	2945	Perry's Automotive	-6,484.28	235,268.82
09/12/2019		Farebox	441.50	235,710.32
09/12/2019		STAF	23,386.00	259,096.32
09/13/2019		Farebox	113.00	259,209.32
09/16/2019		Farebox	206.30	259,415.62
09/16/2019		Farebox	20.00	259,435.62
09/16/2019	91219	Amazon	-36.23	259,399.39

Modoc Transportation Agency **Transactions by Account** As of October 31, 2019

Date	Num	Name	Amount	Balance
09/16/2019	2946	Ray Morgan Company	-116.83	259,282.56
09/16/2019	91219	Amazon	-10.70	259,271.86
09/17/2019		Farebox	160.00	259,431.86
09/17/2019	2947	A-Z Bus Sales, Inc.	-32.79	259,399.07
09/17/2019	2948	Frontier Communications	-109.27	259,289.80
09/17/2019		AP-Tech	824.00	260,113.80
09/17/2019	2949	Fredrick Janitorial	-275.00	259,838.80
09/18/2019		Farebox	30.01	259,868.81
09/18/2019	2950	Sloan Sakai Yeung & Wong LLP	-132.50	259,736.31
09/18/2019		Farebox	10.00	259,746.31
09/19/2019		Farebox	193.01	259,939.32
09/19/2019		Farebox	24.00	259,963.32
09/19/2019		Farebox	22.00	259,985.32
09/19/2019		Farebox	16.50	260,001.82
09/20/2019		Farebox	117.00	260,118.82
09/23/2019		Farebox	386.41	260,505.23
09/23/2019	92319	Four Corner's Market	-72.71	260,432.52
09/23/2019		Farebox	66.00	260,498.52
09/24/2019		Farebox	259.00	260,757.52
09/24/2019		Farebox	300.00	261,057.52
09/24/2019		Farebox	100.00	261,157.52
09/24/2019	92419	Amazon	-64.59	261,092.93
09/25/2019		Farebox	139.78	261,232.71
09/25/2019		Farebox	145.17	261,377.88
09/25/2019	92519	Tnet Broadband Internet, LLC	-48.00	261,329.88
09/30/2019		Farebox	101.00	261,430.88
09/30/2019		Farebox	218.56	261,649.44
09/30/2019	2951	Pacific Power	-361.73	261,287.71
09/30/2019	2952	Perry's Automotive	-676.21	260,611.50
09/30/2019	93019	Basys Processing, Inc.	-177.60	260,433.90
09/30/2019		Interest	13.59	260,447.49
10/01/2019		Farebox	241.00	260,688.49
10/01/2019	2953	City Of Alturas	-130.54	260,557.95
10/01/2019	2954	Modoc County Record	-43.50	260,514.45
10/01/2019	2955	Verizon Wireless	-164.65	260,349.80
10/01/2019		Farebox	28.00	260,377.80
10/02/2019		Farebox	160.05	260,537.85
10/02/2019	2956	Ed Staub & Sons	-2,867.03	257,670.82
10/02/2019	2957	Completely Custom Inc.	-40.00	257,630.82
10/02/2019	2958	EDI Media	-150.00	257,480.82
10/02/2019	2959	First Transit, Inc.	0.00	257,480.82
10/03/2019		Farebox	90.00	257,570.82

Modoc Transportation Agency
Transactions by Account
As of October 31, 2019

Date	Num	Name	Amount	Balance
10/03/2019		Farebox	416.60	257,987.42
10/03/2019		Farebox	27.00	258,014.42
10/03/2019	100319	Amazon	-55.12	257,959.30
10/03/2019	100319	Amazon	-8.35	257,950.95
10/04/2019		Farebox	50.00	258,000.95
10/04/2019	100419	TCE Communications	-49.29	257,951.66
10/04/2019		Farebox	86.73	258,038.39
10/07/2019		Farebox	424.24	258,462.63
10/07/2019		Farebox	41.00	258,503.63
10/07/2019	2960	First Transit, Inc.	-20,106.93	238,396.70
10/07/2019		State of Good Repair	2,311.36	240,708.06
10/07/2019		farebox	28.00	240,736.06
10/07/2019		Farebox	33.00	240,769.06
10/08/2019		Farebox	168.94	240,938.00
10/08/2019	2961	Pepsi-Cola Bottling Company	-39.99	240,898.01
10/08/2019	100819	Wal Mart	-104.01	240,794.00
10/09/2019		Farebox	110.25	240,904.25
10/09/2019	2962	Perry's Automotive	-539.24	240,365.01
10/09/2019	2963	Modoc County Transportation Commission	-14,118.66	226,246.35
10/10/2019		Farebox	144.51	226,390.86
10/10/2019	2964	Lassen Modoc Express	-300.00	226,090.86
10/10/2019		Farebox	10.00	226,100.86
10/10/2019	101019	Four Seasons Supply	-17.07	226,083.79
10/10/2019	2965	Les Schwab Tires	-38.50	226,045.29
10/10/2019	2966	Frontier Communications	-107.62	225,937.67
10/10/2019	2967	Ray Morgan Company	-144.90	225,792.77
10/10/2019	2968	Waste Management	-62.81	225,729.96
10/11/2019		Farebox	50.05	225,780.01
10/15/2019		Farebox	250.18	226,030.19
10/15/2019		Farebox	298.92	226,329.11
10/15/2019		Farebox	52.00	226,381.11
10/15/2019	101520	Amazon	-12.21	226,368.90
10/15/2019	101521	Amazon	-9.03	226,359.87
10/15/2019	101522	Amazon	-30.12	226,329.75
10/15/2019	101523	Amazon	-87.75	226,242.00
10/15/2019	2969	Perry's Automotive	-1,975.02	224,266.98
10/16/2019		Farebox	124.50	224,391.48
10/16/2019		Farebox	22.00	224,413.48
10/16/2019		MCTC	4,282.35	228,695.83
10/16/2019	1	Modoc Transportation Agency	14,000.00	242,695.83
10/17/2019		Farebox	299.50	242,995.33
10/17/2019		Farebox	18.00	243,013.33

Modoc Transportation Agency
Transactions by Account
As of October 31, 2019

Date	Num	Name	Amount	Balance
10/17/2019	2970	Modoc County Transportation Commission	-14,000.00	229,013.33
10/17/2019		Farebox	40.00	229,053.33
10/18/2019		Farebox	39.04	229,092.37
10/18/2019	2971	Fredrick Janitorial	-275.00	228,817.37
10/21/2019		Farebox	296.00	229,113.37
10/21/2019		Farebox	52.00	229,165.37
10/22/2019		Farebox	214.50	229,379.87
10/22/2019	2972	Ed Staub & Sons	-191.12	229,188.75
10/22/2019	2973	Frontier Communications	-100.80	229,087.95
10/22/2019	2974	Perry's Automotive	-3,931.23	225,156.72
10/23/2019		Farebox	90.19	225,246.91
10/23/2019		Farebox	24.00	225,270.91
10/24/2019		Farebox	152.50	225,423.41
10/25/2019		Farebox	108.00	225,531.41
10/25/2019	102519	Tnet Broadband Internet, LLC	-48.00	225,483.41
10/26/2019	102619	Wal Mart	-55.26	225,428.15
10/26/2019	102620	Home Depot	-53.91	225,374.24
10/28/2019		Farebox	62.00	225,436.24
10/28/2019	2975	Basin Tire Service Inc.	-1,812.00	223,624.24
10/28/2019	2976	Pacific Power	-325.65	223,298.59
10/28/2019	2977	Verizon Wireless	-177.74	223,120.85
10/29/2019		Farebox	330.00	223,450.85
10/29/2019	2978	Ed Staub & Sons	-191.12	223,259.73
10/29/2019	2979	Susanville Towing	-800.00	222,459.73
10/29/2019		Lassen Transit Service Agency	7,500.00	229,959.73
10/29/2019	2980	Completely Custom Inc.	-49.11	229,910.62
10/30/2019		Farebox	196.50	230,107.12
10/30/2019	103019	Amazon	-10.69	230,096.43
10/30/2019	103020	Amazon	-28.56	230,067.87
10/30/2019	103021	Amazon	-94.44	229,973.43
10/30/2019	103022	Amazon	-24.54	229,948.89
10/30/2019		Farebox	20.00	229,968.89
10/30/2019		Farebox	32.00	230,000.89
10/31/2019		Farebox	191.50	230,192.39
10/31/2019		Farebox	33.00	230,225.39
10/31/2019		Interest	13.05	230,238.44
Total Plumas Operating MTA-0477 - Other			-35,883.38	230,238.44
Total Plumas Operating MTA-0477			-35,883.38	284,052.70
TOTAL			-35,883.38	284,052.70

Modoc Transportation Agency

Company Snapshots (As of 11/12/19)



Report to Modoc Transportation Agency Board Members	
Subject Regular Business	Meeting Date December 3, 2019
Presented by MTA Staff	Agenda Item 5

Items with attachments, shown in bold:

- a. Consider approval/adoption of the **Fiscal Compliance Audits** for Fiscal Year 2018/19.
- b. Consider adopting **Resolution 19-05** Calendar Year 2020 Authorized Signatories.
- c. Nominate Chair/Vice Chair for Calendar Year 2020.

MODOC TRANSPORTATION AGENCY

ALTURAS, CALIFORNIA

**AUDIT REPORT
FOR THE YEAR ENDED
JUNE 30, 2019 and 2018**

**MODOC TRANSPORTATION AGENCY
AUDIT REPORT
JUNE 30, 2019 and 2018**

TABLE OF CONTENTS

Page No

FINANCIAL SECTION

Independent Auditors' Report on Financial Statements	1
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Financial Statements

Comparative Statement of Net Position-Proprietary Fund	4
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund	5
Comparative Statement of Cash Flows - Proprietary Fund	6
Notes to Financial Statements	7

OTHER SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule Transit Fund	15
Independent Auditor's Report on Compliance Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with the statutes, rules and regulations of the California Transportation Development Act and the allocation instructions and resolutions of the Local Transportation Commission	17
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	19
Combined Schedule of Findings and Questioned Costs	21
Summary Schedule of Prior Year Audit Findings	23
Corrective Action Plan	24

FINANCIAL SECTION

Independent Auditors' Report on Financial Statements

Board of Commissioners
Modoc County Transportation Commission
Alturas, California

Board of Directors
Modoc Transportation Agency
Alturas, California

We have audited the accompanying financial statements of the Transportation Development Act Funds Allocated to the Modoc Transportation Agency (MTA) as of and for the years ended June 30, 2019 and 2018, and the related notes to the 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Agency'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 Agency'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.

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

Basis for Qualified Opinion

As discussed in Note 1, the financial statements present only Transportation Development Act funds, Federal Grants, bus fares and other revenues of the Modoc Transportation Agency and are not intended to present fairly the financial position and results of operations of the Modoc Transportation Agency in conformity with accounting principles generally accepted in the United States of America.

Qualified Opinion

In our opinion, except for the matters discussed in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Transportation Development Act Funds allocated to Modoc Transportation Agency as of June 30, 2019 and 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a basic 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 basic financial statements in an appropriate operational, economic, or historical context. The Agency has chosen not to include the Management Discussion and Analysis in this report.

Other Supplementary Information

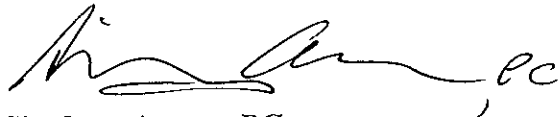
The Other Supplementary Information is presented for purposes of additional analysis and are not required part of the basic financial statements. The other supplementary information schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards accepted in the United States of America.

In our opinion the other supplementary information schedules as listed in the table of contents are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2019 on our consideration of the Agency'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 purpose of that report is 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 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 Agency's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'SingletonAuman PC', followed by a comma and the letters 'cc'.

SingletonAuman PC
Susanville, CA
September 16, 2019

MODOC TRANSPORTATION AGENCY
TRANSPORTATION DEVELOPMENT ACT FUNDS
STATEMENTS OF NET POSITION
PROPRIETARY FUND
TRANSIT FUND
JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets:		
Cash and Investments	\$ 831,390	\$ 756,128
Accounts Receivable	<u>147,405</u>	<u>153,681</u>
Total Current Assets	978,795	909,809
Property, Plant & Equipment, Net	<u>1,891,417</u>	<u>1,954,256</u>
Total Assets	<u><u>\$ 2,870,212</u></u>	<u><u>\$ 2,864,065</u></u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 21,370	\$ 19,429
Unearned Revenue	<u>11,643</u>	<u>5,223</u>
Total Liabilities	<u><u>\$ 33,013</u></u>	<u><u>\$ 24,652</u></u>
NET POSITION		
Net Investment in Capital Assets	\$ 1,891,417	\$ 1,954,256
Unrestricted	<u>945,782</u>	<u>885,156</u>
Total Net Position	<u><u>\$ 2,837,199</u></u>	<u><u>\$ 2,839,412</u></u>

The accompanying notes are an integral part of this statement.

MODOC TRANSPORTATION AGENCY
TRANSPORTATION DEVELOPMENT ACT FUNDS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
TRANSIT FUND
YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)

	<u>2019</u>	<u>2018</u>
Operating Revenues:		
Fare Revenues	\$ 55,675	\$ 58,133
Total Operating Revenue	<u>55,675</u>	<u>58,133</u>
Operating Expenses:		
Contract Transportation Services	191,165	203,475
Vehicle and Equipment Maintenance	33,748	41,190
Building Improvements	1,342	549
Fuel	35,203	32,729
Labor	86,376	66,242
Utilities	16,954	17,855
Marketing	4,535	3,959
Other Expenses	32,880	35,866
Depreciation	148,949	138,935
Total Operating Expenses	<u>551,152</u>	<u>540,800</u>
Operating Income (Loss)	<u>(495,477)</u>	<u>(482,667)</u>
Non-Operating Revenues and (Expenses):		
Local Transportation Funds	64,678	56,555
State Transportation Assistance Funds	85,968	55,246
Federal Grants	261,499	209,478
Prop 1B- CTAF	-	22,232
Lassen Transit Service Agency	30,000	28,445
LCTOP	-	11,079
Other	27,011	21,249
State of Good Repair	9,877	4,257
Interest	14,229	6,812
Total Non-Operating Revenues and (Expenses)	<u>493,262</u>	<u>415,353</u>
Change in Net Position	<u>(2,215)</u>	<u>(198,314)</u>
Net Position, Beginning of the Period	<u>2,839,414</u>	<u>3,037,728</u>
Net Position, End of the Period	<u>\$ 2,837,199</u>	<u>\$ 2,839,414</u>

The accompanying notes are an integral part of this statement.

MODOC TRANSPORTATION AGENCY
TRANSPORTATION DEVELOPMENT ACT FUNDS
STATEMENTS OF CASH FLOWS
PROPRIETARY FUND
TRANSIT FUND
FISCAL YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Cash Received From Passengers	\$ 55,675	\$ 58,133
Cash Payments to Employees	(86,376)	(66,242)
Cash Payments to Suppliers for Goods and Services	(313,886)	(363,946)
Net Cash Provided (Used) by Operating Activities	<u>(344,587)</u>	<u>(372,055)</u>
Cash Flows from Non-Capital Financing Activities:		
Received from Other Governmental Agencies	464,719	395,472
Other Income	27,011	25,506
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>491,730</u>	<u>420,978</u>
Cash Flows from Capital and Related Financing Activities:		
Purchases of Property and Equipment	(86,110)	(33,316)
Dispositions of Property and Equipment	-	-
Transfer (Out)	-	(131,000)
Net Cash Provided (Used) by Capital Financing Activities	<u>(86,110)</u>	<u>(164,316)</u>
Cash Flows from Investing Activities		
Interest Earned	14,229	6,812
Net Cash Provided (Used) by Investing Activities	<u>14,229</u>	<u>6,812</u>
Net Increase (Decrease) in Cash and Cash Equivalents	75,262	(108,581)
Cash and Cash Equivalents:		
Balance - July 1	<u>756,128</u>	<u>864,709</u>
Balance - June 30	<u>\$ 831,390</u>	<u>\$ 756,128</u>
Reconciliation:		
Operating Income (Loss)	\$ (495,477)	\$ (482,667)
Depreciation and Amortization	148,949	138,935
Increase/(Decrease) in Accounts Payable	<u>1,941</u>	<u>(28,323)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (344,587)</u>	<u>\$ (372,055)</u>

The accompanying notes are an integral part of this statement.

**MODOC TRANSPORTATION AGENCY
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Modoc Transportation Agency is the only public transit operator in Modoc County, California. The Agency was established in a Joint Powers Agreement between the County of Modoc and the City of Alturas on August 13, 1997.

The financial statements of Modoc Transportation Agency - Transportation and Development Act Funds are prepared in conformity with U.S. generally accepted accounting principles. Modoc Transportation Agency (the Agency) applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary Funds apply Financial Accounting Standard Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

A. Reporting Entity

The financial statements are intended to present the financial position and results of operations of only those transactions attributable to the Modoc Transportation Agency.

The Agency received Local Transportation Fund and State Transit assistance allocation from the Modoc County Transportation Commission, as well as Federal Grants, Fares and other revenues to operate and provide public transit services to the County of Modoc, the City of Alturas, and the surrounding regions.

The Agency includes all activities (operations of its administrative staff and Board of Directors) considered to be a part of the Agency. The Agency reviewed the criteria developed by GASB in its issuance of Statement No. 14, relating to the financial reporting entity to determine whether the Agency is financially accountable for other entities. The Agency has determined that no other outside entity meets the above criteria, and therefore, no entity has been included as a component unit in the financial statements.

The Agency, although a legally separate entity from Modoc County Transportation Commission (the Commission), is a blended component unit of the Commission because the individuals on the Agency's governing board are the same as those on the Commission. The Commission is also responsible for approving the Agency's Transportation Development Act revenue allocations.

B. Fund Accounting

The Agency uses funds to report on its financial position and on the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

**MODOC TRANSPORTATION AGENCY
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018**

A fund is a separate accounting entity with a self-balancing set of accounts.

The Agency makes use of an enterprise fund type (of the proprietary fund category) to account for the majority of the Agency's activity. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies (internal service funds).

C. Basis of Accounting

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Nonexchange transactions, in which the Agency give (or receives) value without directly receiving (or giving) equal value in exchange, included grants, entitlements and donations. On the accrual basis, revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

An enterprise fund distinguishes 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 the Agency's principal ongoing operations. The principal operating revenues of the Agency are charges to passengers for public transit services. Operating expenses for the Agency include the cost of transit services, administrative expenses 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 net assets are available, unrestricted resources are used only after restricted resources are depleted.

D. Capital Assets

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value as the date received. The Agency's capitalization threshold is \$100. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

**MODOC TRANSPORTATION AGENCY
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018**

Depreciation of buildings, equipment and vehicles in the proprietary fund is computed using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Vehicles	5-10
Equipment	3-10

The Agency has acquired certain capital assets with funding provided by federal assistance from various grant programs. The Agency holds title to these assets; however, the federal government retains an interest in these assets should the asset no longer be used for transit purposes.

E. Cash and Cash Equivalents

The Agency considers cash, investments in the local agency investment fund, and reserved cash to be cash equivalents. Excess cash has been invested in the Local Agency Investment Fund (LAIF). The Agency is authorized to deposit cash and invest excess funds by California Government Code 53648 et seq.

The remainder of the Agency's cash is held in Plumas Bank. The FDIC insures cash balances held in banks up to \$250,000. Periodically, the Agency's cash balances exceed FDIC limits; however the Agency believes that no significant concentration of credit risk exists for these excess deposits. As of June 30, 2018 and June 30, 2019, no funds were held in excess of the FDIC limits.

F. Receivable and Payable Balances

The Agency believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

G. Use of Estimates

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

**MODOC TRANSPORTATION AGENCY
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018**

H. Expenses in Excess of Budget

The following expense categories exceeded budget during the 2018-19 fiscal year:

<u>Category</u>	<u>Amount in Excess of Budget</u>
Contract Transportation Services	\$ 1,165
Depreciation	\$ 148,949
Marketing	\$ 535

Contract Transportation Services and Marketing exceeded budget by small amounts. Depreciation was not budgeted.

I. Budgets and Budgetary Accounting

The Agency's budget is consistent with the modified accrual basis of accounting. In order to be consistent with accrual basis accounting used in proprietary funds, capital expenditures will need to be eliminated and depreciation will need to be added.

J. Unearned Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenses have been incurred. Unearned revenue is recorded to the extent cash received on specific projects and programs exceeds qualified expenses.

K. Fair Value Measurements and Investments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets and liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

**MODOC TRANSPORTATION AGENCY
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018**

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include various types of mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

NOTE 2 – CASH AND INVESTMENTS

The Agency's cash and investments are maintained with various financial institutions. A summary of the Agency's cash and investments follows:

	2019	2018
Plumas Bank Operating Account	\$ 196,994	\$ 129,432
Local Agency Investment Fund	634,396	626,263
Undeposited Funds	-	433
	<u>\$ 831,390</u>	<u>\$ 756,128</u>

Investments consist of amounts deposited with the Local Agency Investment Fund, and are stated at fair value based on significant other observable inputs.

The total amount of interest income for the year ended June 30, 2019 and 2018 was \$14,229 and \$6,812, respectively. This interest is included in the balances of the accounts and fair value measurements.

The following tables present the fair value measurements of assets recognized in the accompanying statement of financial position measured at fair value on a recurring basis and level within the fair value hierarchy in which the fair value measurements fall:

**MODOC TRANSPORTATION AGENCY
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018**

June 30, 2019				
Fair Value Measurements Using				
Quoted Prices				
In Active Markets for Identical Assets (Level 1)				
Significant Other Observable Inputs (Level 2)				
Significant Unobservable Inputs (Level 3)				
Fair Value				
Local Agency Investment Fund	\$	634,396	\$	634,396

June 30, 2018				
Fair Value Measurements Using				
Quoted Prices				
In Active Markets for Identical Assets (Level 1)				
Significant Other Observable Inputs (Level 2)				
Significant Unobservable Inputs (Level 3)				
Fair Value				
Local Agency Investment Fund	\$	626,263	\$	626,263

**MODOC TRANSPORTATION AGENCY
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018**

NOTE 3 – CAPITAL ASSETS

A capital assets summary of the Agency is shown below:

	Balance <u>6/30/18</u>	<u>Additions</u>	<u>Dispositions</u>	Balance <u>6/30/19</u>
Land	\$ 781,745			\$ 781,745
Vehicles, Buildings, and Equipment	<u>1,999,081</u>	<u>\$ 86,110</u>	<u>\$ 139,304</u>	<u>1,945,887</u>
Total	2,780,826	86,110	.	2,727,632
Accumulated Depreciation	<u>(826,570)</u>	<u>(148,949)</u>	<u>(139,304)</u>	<u>(836,215)</u>
Property, Plant and Equipment, Net	<u>\$ 1,954,256</u>	<u>\$ (62,839)</u>	<u>\$ (139,304)</u>	<u>\$ 1,891,417</u>

	Balance <u>6/30/2017</u>	<u>Additions</u>	<u>Dispositions</u>	Balance <u>6/30/2018</u>
Land	\$781,745			\$781,745
Vehicles, Buildings, and Equipment	<u>1,987,085</u>	<u>\$11,995</u>	<u>-</u>	<u>1,999,080</u>
Total	\$2,768,830	\$11,995	-	\$2,780,825
Accumulated Depreciation	<u>(708,955)</u>	<u>(117,614)</u>	<u>-</u>	<u>(826,569)</u>
Property, Plant and Equipment, Net	<u>2,059,875</u>	<u>(\$105,619)</u>	<u>-</u>	<u>\$1,954,256</u>

Depreciation and amortization was charged to functions as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Transit	<u>\$ 148,949</u>	<u>\$ 117,614</u>

NOTE 4 – CONCENTRATIONS

The Agency receives a substantial amount of its support from a statewide retail sales tax from the Local Transportation Fund created by the Transportation Development Act. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Agency's activities.

**MODOC TRANSPORTATION AGENCY
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018**

NOTE 5 – CONTINGENCIES

The Agency receives funding for specific purposes that are subject to review and audit by the granting agencies funding source. Such audits could result in a request for reimbursement for expenditures disallowed under the terms and conditions of the contracts. Management is of the opinion that no material liabilities will result from such potential audits.

NOTE 6 – NET POSITION

Net Position is the excess of all the Agency's assets over all its liabilities. Net assets are divided into captions under GASB Statement No. 34. These captions apply only to net assets, which are described below:

Net Investment in Capital Assets describes the portion of net assets that is represented by the current net book value of the Agency's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted Net Position describes the portion of net assets that are legally restricted for certain purposes.

Unrestricted describes the portion of net assets that is not restricted to use or invested in capital assets.

NOTE 7 – SUBSEQUENT EVENTS

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

OTHER SUPPLEMENTARY INFORMATION

**MODOC TRANSPORTATION AGENCY
TRANSPORTATION DEVELOPMENT ACT FUNDS
TRANSIT FUND BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating Revenues:				
Fare Revenues	\$ 65,000	\$ 54,000	\$ 55,675	\$ 1,675
Total Operating Revenue	65,000	54,000	55,675	1,675
Operating Expenses:				
Contract Transportation Services	198,000	190,000	191,165	(1,165)
Vehicle Maintenance	37,500	40,676	33,748	6,928
Building Improvements	6,625	6,625	1,342	5,283
Fuel	38,000	40,000	35,203	4,797
Labor	104,136	104,136	86,376	17,760
Utilities	18,500	18,500	16,954	1,546
Marketing	2,500	4,000	4,535	(535)
Other Expenses	43,700	38,700	32,880	5,820
Capital Expenditures	29,000	109,285	-	109,285
Depreciation			148,949	(148,949)
Total Operating Expenses	477,961	551,922	551,152	770
Operating Income (Loss)	(412,961)	(497,922)	(495,477)	2,445
Non-Operating Revenue (Expense):				
Local Transportation Funds	90,000	98,000	64,678	(33,322)
State Transportation Assistance Funds	63,000	63,000	85,968	22,968
Federal Grants	177,501	273,537	261,499	(12,038)
Lassen Transit Service Agency	30,000	30,000	30,000	-
Rural Transit Assistance	1,500	1,500	-	(1,500)
State of Good Repair Program	29,000	9,877	9,877	-
Other	21,960	22,008	27,011	5,003
Interest	-	-	14,229	14,229
Total Non-Operating Revenues (Expenses)	412,961	497,922	493,262	(4,660)
Change in Net Position	\$ -	\$ -	\$ (2,215)	\$ (2,215)

**MODOC TRANSPORTATION AGENCY
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019**

Notes to Transit Fund Budgetary Comparison Schedule:

Under the Transportation Development Act and the California Code of Regulations, no operator or transit provider shall receive Local Transportation Funds (LTF) or State Assistance Funds (STAF) exceeding actual net costs. To balance and return any unused funds to the trust accounts, the agencies prepare an annual "End-of-year True-up and Reconciliation." STAF may only be used for transit related activities. It is spent first in the MTA operating account until exhausted, and therefore is not included in the reconciliation.

This reconciliation is accomplished by taking the final year-end cash balance as of June 30, 2018 for both entities and deducting any unearned revenue or obligated funds for capital projects. The ending balance is then added to or deducted from the the current year (FY 2018-19) due for allocation. The LTF due for each Agency is then allocated as funds become available.

MTA

LTF unused Cash balance as of 6/30/18	\$ 33,322
LTF FY 2018/19 Allocated	<u>64,678</u>
FY 2018/19 LTF Allocation Total	<u><u>\$ 98,000</u></u>

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

Board of Commissioners
Modoc County Transportation Commission
Alturas, California

Board of Directors
Modoc Transportation Agency
Alturas, California

Report on State Compliance

We have audited the financial statements of the Transportation Development Act Funds allocated to the Modoc Transportation Agency as of and for the years ended June 30, 2019 and 2018 and have issued our report thereon dated September 16, 2019.

Management's Responsibility for State Compliance

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

We conducted our audit 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. We have also audited the Agency's compliance with the California Code of Regulations Sections 6664 and 6667 that are applicable to Modoc Transportation Agency. Additionally, we performed tests to determine that expenditures paid by Modoc Transportation Agency were made in accordance with the allocation instructions and resolutions of Modoc County Transportation Commission and in conformance with the California Transportation Development Act. Also as part of our audit, we performed test of compliance to determine whether certain state bond funds were received and expended in accordance with applicable bond act and state accounting requirements. Compliance with the requirements referred to above is the responsibility of the Agency's management. Our responsibility is to express an opinion on the Agency's compliance based on our audit.

The auditing standards referred to above require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the state laws and regulations applicable to the items above occurred. An audit includes examining, on a test basis, evidence about the Agency'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. Our audit does not provide a legal determination of the Agency's compliance with those requirements.

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Opinion on State Compliance

In our opinion, the Modoc Transportation Agency complied, in all material respects, with the statutes, rules, and regulations of the California Transportation Development Act, the allocation instructions and resolutions of the local transportation commission, and with the applicable bond act and state accounting requirements.

Purpose of This Report

The report is intended solely for the information and use of Modoc Transportation Agency, the California Department of Transportation, and the State Controller's Office and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Singleton Auman PC', with a stylized flourish at the end.

Singleton Auman PC

Susanville, CA

September 16, 2019

**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***

Board of Commissioners
Modoc County Transportation Commission
Alturas, California

Board of Directors
Modoc Transportation Agency
Alturas, California

Members of the Board of Directors:

We have audited, in accordance with the 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 Transportation Development Act Funds allocated to the Modoc Transportation Agency as of and for the years ended June 30, 2019 and 2018 and the related notes to the financial statements and have issued our report thereon dated September 16, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency'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 entity'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

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We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. See Finding 2019-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Agency's financial statements are free of 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. 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 that are required to be reported under *Government Auditing Standards*.

Agency's Response to Findings

The Agency's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of the Report

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

Respectfully submitted,



SingletonAuman PC
Susanville, CA
September 16, 2019

**MODOC TRANSPORTATION AGENCY
COMBINED SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

EXECUTIVE SUMMARY

The quality of the Agency's internal controls is dependent upon oversight by the Board Members. A summary of the auditors' results follows:

1. **Type of Auditors' Report on Financial Statements:** Qualified.
2. **Internal Control Findings:** 1 Significant Deficiency.
3. **Material Noncompliance Noted:** None.

**MODOC TRANSPORTATION AGENCY
COMBINED SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

**YELLOW BOOK SECTION
Internal Control – Significant Deficiency**

Finding 2019-1 Financial Reporting

Criteria Upon Which Audit Finding is Based (Legal Citation)

In accordance with Statement on Auditing Standards No. 122 (SAS 122), the Agency is responsible for preparing complete and accurate financial statements and footnote disclosures in accordance with Generally Accepted Accounting Principles (GAAP).

Finding (Condition)

Similar to many small governmental entities, the Agency does not have policies and procedures in place to ensure that complete and accurate financial statements, MD&A and footnote disclosures are prepared in accordance with GAAP prior to the annual audit. Management relies upon the auditor to recommend footnote disclosures for the financial statements and to prepare adjusting journal entries for approval in order to report financial information in accordance with GAAP.

Amount of Questioned Cost, How Computed and Prevalence

None.

Effect

There is a risk that a material financial statement misstatement may exist and not be prevented or detected by the Agency's system of internal control.

Cause

This condition has always existed at the Agency, and is being reported in accordance with SAS 122.

Recommendation

We recommend that the Agency consider the cost benefit of hiring an accountant familiar with GAAP or contracting with an independent CPA firm to compile financial statements in conformity with GAAP.

Agency's Response

The Agency has determined that the costs of correcting the control weakness outweigh the benefits to be received. The Agency will continue to rely on the independent auditor to prepare its annual financial statements.

**MODOC TRANSPORTATION AGENCY
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
(FINDINGS FROM THE JUNE 30, 2018 AUDIT REPORT)
FOR THE YEAR ENDED JUNE 30, 2019**

Finding 2018-1 Financial Reporting

Finding (Condition)

Similar to many small governmental entities, the Agency does not have policies and procedures in place to ensure that complete and accurate financial statements, MD&A and footnote disclosures are prepared in accordance with GAAP prior to the annual audit. Management relies upon the auditor to recommend footnote disclosures for the financial statements and to prepare adjusting journal entries for approval in order to report financial information in accordance with GAAP.

Status

Partially implemented. See current year finding 2019-1.

**MODOC TRANSPORTATION AGENCY
CORRECTIVE ACTION PLAN
JUNE 30, 2019**

Person Monitoring Corrective Action Plan
Debbie Pedersen, Executive Director

Finding 2019-1 Financial Reporting

Finding (Condition)

Similar to many small governmental entities, the Agency does not have policies and procedures in place to ensure that complete and accurate financial statements, MD&A and footnote disclosures are prepared in accordance with GAAP prior to the annual audit. Management relies upon the auditor to recommend footnote disclosures for the financial statements and to prepare adjusting journal entries for approval in order to report financial information in accordance with GAAP.

Corrective Action Planned

The Agency has determined that the costs of correcting the control weakness outweigh the benefits to be received. The Agency will continue to rely on the independent auditor to prepare its annual financial statements.

Expected Completion Date

Ongoing.

MODOC TRANSPORTATION AGENCY

RESOLUTION No. 19-05

Calendar Year 2020 Authorized Signatories for Plans and Programs

WHEREAS, the Modoc Transportation Agency (MTA) is the public transit and intercity bus operator for the Modoc County region and the Consolidated Transportation Service Agency, serving travelers and residents of the County of Modoc and the incorporated City of Alturas;

WHEREAS, it is often required by various programs and funding sources to have a resolution that identifies MTA's designated signature authorities; and

WHEREAS, various agencies such as the California Department of Transportation (Caltrans), California Emergency Management Agency (CalEMA), Federal Transit Administration (FTA), Federal Highway Administration (FHWA), U.S. Department of Homeland Security (DHS) and other agencies require said resolution to be submitted; and

WHEREAS, it is the intent of the MTA to name the Executive Director, Senior Transportation Planner or Chairperson as its designated signature authority for various transportation funds, including but not limited to:

- Local Transportation Funds (LTF)
- State Transit Assistance Funds (STAF)
- Federal Highway Administration (FHWA) funds
- Federal Transit Administration (FTA) Section 5304, 5310, 5311, 5311(f), and 5316 funds
- Regional Surface Transportation Program (RSTP) funds
- State / Regional Improvement Transportation Program (STIP / RTIP) funds
- STIP Planning Programming and Monitoring (PPM) funds
- Alternative Transportation Program (ATP) funds
- Prop 1B funds including Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA) and California Transit Assistance Fund (CTAF) programs
- State-funded transit project funds
- American Recovery and Reinvestment Act (ARRA) funds
- Low Carbon Transit Ops Program (LCTOP)
- SB 1 State of Good Repair (SGR) Program

WHEREAS, the Board directs staff to perform or administer all related work, including but not limited to allocation requests, certificates of assurances, master agreements, fund transfer agreements, final expenditure reports, grant proposals and all related work, preparation of grant applications, fixed asset procurement, invoices, reports agency coordination, planning work, amendments, budget updates, correspondence and preparation of California Transportation Commission (CTC) agenda items for STIP projects, among other duties for calendar year 2020.

NOW, THEREFORE, BE IT RESOLVED that the Modoc Transportation Agency Board of Directors does hereby authorize the Executive Director, Senior Transportation Planner, or Chairperson to serve as its designated signature authority(ies).

BE IT FURTHER RESOLVED that the MTA does hereby authorize such persons to act on behalf of the Agency and to execute documents related to any transportation funding program.

PASSED AND ADOPTED this 3rd day of December 2019 by the following vote:

AYES: Board Members:

NOES: None

ABSENT: Board Members: Cullins(A), Nelson(A)

John Dederick, Chair
Modoc Transportation Agency

ATTEST:

Debbie Pedersen, Executive Director
Modoc Transportation Agency

Report to Modoc Transportation Agency Board Members	
Subject Staff Updates and Calendar of Events	Meeting Date December 3, 2019
Presented by MTA Staff	Agenda Item 6

a. Staff Updates

1. Terminal Inspection
2. Modoc County Historical Museum Trip
3. 2019 UNMET Transit Needs Surveys Sage Stage drivers
4. Sage Stage Free Ride Day – Tuesday, December 17th

b. Calendar of interest:

- February 12, 2020 (Normally Feb 4, 2020) – MCTC and MTA Meetings
- March 31, 2020 (Normally April 7, 2020) – MCTC and MTA Meetings
- June 2, 2020 – MCTC and MTA Meetings
- August 4, 2020 – MCTC and MTA Meetings (Annual Barbeque)
- October 6, 2020 – MCTC and MTA Meetings
- December 1, 2020 – MCTC and MTA Meetings

Holiday Schedule (No Bus Service)

- 12/24-25/19 Christmas Eve Day and Christmas Day
- 01/01/20 New Year's Day