Measure Q Oversight Committee
AGENDA

Group: Measure Q Oversight Committee

Members: Cuda, Dayton, Hughes, Lopez (Vice Chair), Williams (Chair)

Date: March 23, 2020

Time: 2:00 pm (Pacific)

Place: 19 Upper Ragsdale Drive, Suite 100, Monterey 93940

1. Call to Order and Introductions

2. Public Comment on Matters Not on the Agenda
   Members of the public may address the Committee on any matter related to the jurisdiction of the Committee but not on the agenda. There is a time limit of not more than three minutes for each speaker. The Committee will not take action or respond immediately to any public comments presented, but may choose to follow-up at a later time, either individually, through staff, or on a subsequent agenda.

3. Announcements

4. Consent Agenda

   4-1. Approve August 21, 2019 minutes. (Jeanette Alegar-Rocha) (Page 3)

5. New Business

   5-1. Receive Report on Measure Q Performance Over the Last Five Years. (Lisa Rheinheimer/Cristy Sugabo) (No Enclosure)


   5-3. Receive Update on Measure Q Marketing and Promotional Efforts. (Lisa Rheinheimer/Ikuyo Yoneda-Lopez) (No Enclosure)

6. Staff and Committee Member Comments or Questions

7. Adjourn.
Materials related to an item on this agenda submitted to the Committee after
distribution of the agenda packet are available for public inspection at the Monterey-
Salinas Transit Administration Building at 19 Upper Ragsdale Dr., Suite 200,
Monterey, CA 93940 during normal business hours.

Upon request, Monterey-Salinas Transit will provide written materials in appropriate
alternative formats, including disability-related modifications or accommodations,
auxiliary aids, or services to enable individuals with disabilities to participate in public
meetings. Please send a written request, including your name, mailing address,
phone number, description of the requested materials, and preferred alternative
format or auxiliary aid or service at least three working days prior to the meeting.
Requests should be sent to MST – c/o Clerk to the Board, 19 Upper Ragsdale Dr.,
Suite 200, Monterey, CA 93940 or clerk@mst.org.

888-678-2871 / Free language assistance / Asistencia de Lenguaje Gratuito
/ Libreng tulong para sa wika / Hỗ trợ ngôn ngữ miễn phí / 무료 언어 지원
MEASURE Q OVERSIGHT COMMITTEE
MEETING

Frank J. Lichtanski Administrative Building
19 Upper Ragsdale Dr., Suite 100, Monterey
93940

MEETING MINUTES

August 21, 2019

Present:
Aimee Cuda Mobility Advisory Committee (MAC)
Kevin Dayton Tax Payers Association
Sharlene Hughes Non-Urbanized
Juan Pablo Lopez (Vice Chair) Salinas Urbanized
Sid Williams (Chair) Seaside-Monterey-Marina (Urbanized)

Absent:
None

Staff:
Carl Sedoryk General Manager/CEO
Hunter Harvath Assistant General Manager
Norman Tuitavuki Deputy Chief Operating Officer
Jeanette Alegar-Rocha Deputy Secretary
Michael D. Laredo General Counsel
Eva Perez Office Administrator
Andrea Williams General Accountant & Budget Manager
Lesley van Dalen Mobility Specialist

Public:
Sean MacMillan Retired Military

Apology is made for any misspelling of a name.

1. Call to Order

The meeting was called to order by Chair Sid Williams at 10 am.

2. Public Comment on Matters Not on the Agenda

Members of the public may address the Committee on any matter related to the jurisdiction of the Committee but not on the agenda. There is a time limit of not more than three minutes for each speaker. The Committee will not take action or respond
immediately to any public comments presented, but may choose to follow-up at a later time, either individually, through staff, or on a subsequent agenda.

Public Comment - None

3. Announcements

4. Consent Agenda

4-1. Approve March 25, 2019 minutes.(Jeanette Alegar-Rocha)

Kevin Dayton made the motion to approve the minutes for review by the MST board which was seconded by Juan Pablo Lopez. The motion passed unanimously.

5. New Business

5-1. Review Measure Q funded expenditures planned as part of MST’s FY2020 Budget as adopted by MST Board of Directors. (Enclosure) (Hunter Harvath)

Sharlene Hughes arrived 10:12 a.m.

Hunter Harvath presented the FY2020 Budget as adopted by the MST Board of Directors to the Measure Q Oversight Committee.

5-2. Review Measure Q Oversight Committee Appointments and Vacancies. (Hunter Harvath)

Hunter Harvath presented the Measure Q Oversight Committee (MQC) Re-appointments and Vacancies:

a) Aimee Cuda- Term expiration and renewal

b) Sharlene Hughes -Term expiration and renewal

c) Introduction of applicant Sean MacMillan as a recommendation for the County of Monterey Unincorporated vacancy.

Kevin Dayton made the motion to recommend the appointments to the Measure Q Oversight Committee to the MST board which was seconded by Juan Pablo Lopez. The motion passed unanimously.

6. Staff and Committee Member Comments or Questions

Chair Williams requested confirmation from MST Staff on the timing of Form 700 and AB 1234 Ethics Training.

Deputy Secretary, Jeanette Alegar-Rocha, confirmed that the Form 700 is due annually by April 1 and AB1234/Ethics Training is due every 2 years.
Carl Sedoryk announced that Monterey-Salinas Transit is in its fifth year of Measure Q Funding.

7. Adjourn

With no further business to discuss, Chair Williams adjourned the meeting at 10:42 a.m.
To: Measure Q Oversight Committee

From: Lisa Rheinheimer, Assistant General Manager

Subject: Measure Q Financial Audit

RECOMMENDATION:


FISCAL IMPACT:

None.

POLICY IMPLICATIONS:

A Comprehensive Annual Financial Report is prepared each year in association with the agency’s audit process, posted on the MST website, and submitted to the state of California as well as to the Government Finance Officers Association of the United States and Canada for review and evaluation. The Audit is also submitted to the Federal Audit Clearinghouse.

DISCUSSION:

To provide transparency for the general public and local, state and federal stakeholders, MST each year prepares and posts on its website a CAFR, which can be downloaded and printed directly from the site. A primary component of this document is the annual audit, which is conducted by an outside accounting firm to attest to the state of the agency’s finances. In recognition of excellence in financial reporting, MST received a certificate of achievement from the Government Finance Officers Association of the United States and Canada for last year’s FY 2018 CAFR.

MST has submitted its FY 2019 CAFR to this organization for evaluation and consideration. The auditor’s management letter (Attachment 1) as well as a summary page detailing MST’s FY 2019 Schedule of Revenues, Expenses, and Changes in Net Position by Program (Attachment 2), are included for your review. The complete report – as well as MST’s CAFRs dating back to FY 2005 – can be viewed and downloaded through MST’s website at http://mst.org/about-mst/financials/ and can also be provided in hard copy to any member of your Board upon request.
Specifically about Measure Q financials, the sales tax revenue generated $10,365,729 in FY19 and was spent on the following programs:

**MST RIDES ADA Paratransit** – complementary paratransit service for those eligible including persons with disabilities, seniors, and veterans

**Taxi Vouchers** – for seniors, persons with disabilities, and veterans

**Special Medical Trips** – for trips which access medical services in San Francisco, Palo Alto, and Santa Clara

**TRIPS** – travel reimbursement for seniors, persons with disabilities, and veterans who rely on neighbors and family for rides

**Travel Training** – for anyone who wants to learn to travel using public transportation

**Navigators** – volunteers who help other riders by answering questions about MST services

**Senior and Veteran Shuttles, Fixed-Route** – supports specific routes which serve seniors, veterans, and persons with disabilities as well as partial support for the regular fixed-route lines

**MST Mobility Department** – operations of the Mobility Services Center and MST staff support for travel training, eligibility testing, promotional events and outreach, and the above programs

The ongoing support of the Measure Q sales tax is crucial for supporting the populations who need mobility options within Monterey County and beyond.

Staff recommends that the Committee receive this report on the financial audit as it relates to Measure Q revenues and expenses from FY19.

Attachment 1: December 19, 2019, letter from MST auditors EideBailly

Attachment 2: Page 42 of the FY 2019 CAFR
December 19, 2019

To Governing Board of
Monterey-Salinas Transit
Monterey, California

We have audited the financial statements of Monterey-Salinas Transit as of and for the year ended June 30, 2019, and have issued our report thereon dated December 19, 2019. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and Government Auditing Standards and our Compliance Audit under the Uniform Guidance

As communicated in our planning letter dated July 8, 2019, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether Monterey-Salinas Transit complied with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on Monterey-Salinas Transit’s major federal program. Our audit of the financial statements and major program compliance does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of Monterey-Salinas Transit solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Our responsibility, as prescribed by professional standards as it relates to the audit of Monterey-Salinas Transit’s major federal program compliance, is to express an opinion on the compliance for Monterey-Salinas Transit’s major federal program based on our audit of the types of compliance requirements referred to above. An audit of major program compliance includes consideration of internal control over compliance with the types of compliance requirements referred to above as a basis for designing audit procedures that are appropriate in the circumstances 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, as a part of our major program compliance audit, we considered internal control over compliance for these purposes and not to provide any assurance on the effectiveness of the Monterey-Salinas Transit’s internal control over compliance.
We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our 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 dated June 17, 2019. We have also provided our comments regarding compliance with the types of compliance requirements referred to above and internal controls over compliance during our audit in our Independent Auditor’s Report on Compliance with Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance dated June 17, 2019.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity’s Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Monterey-Salinas Transit is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2019. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s current judgments. Those judgments are normally based on 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 markedly from management’s current judgments.
The most sensitive accounting estimate affecting the financial statements is management’s estimate of the incurred but not reported claims (IBNR) and the net pension liability (NPL).

Estimates of the NPL are based on actuarial valuations prepared in accordance with the methods prescribed in the relevant authoritative accounting literature. We evaluated the key factors and assumptions used to develop the pension liability and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimates of the IBNR are based on knowledge, past experience, and assumptions. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Monterey-Salinas Transit’s financial statements relate to Monterey-Salinas Transit’s net pension liabilities and related deferred inflows of resources and deferred outflows of resources. As disclosed in the Note 10, a 1% increase or decrease in the rates has a material effect on Monterey-Salinas Transit’s net pension.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. We are pleased to report that no misstatements were identified from our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor’s report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated December 19, 2019.
Management’s Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Monterey-Salinas Transit, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Monterey-Salinas Transit’s auditors.

Modification of the Auditor’s Report

We have made no modification to our auditor’s report.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing Monterey-Salinas Transit’s audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

However, in accordance with such standards, we will review the information inputted into the data collection form and will consider whether such information, or the manner of its presentation, is materially consistent with the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the Board of Commissioners and Members of the Audit Committee, and management of Monterey-Salinas Transit and is not intended to be and should not be used by anyone other than these specified parties.

Palo Alto, California
## SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY PROGRAM
FOR THE YEAR ENDED JUNE 30, 2019

<table>
<thead>
<tr>
<th></th>
<th>FIXED-ROUTE</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BUS SERVICE</td>
<td>RIDES</td>
<td>SALES TAX</td>
<td>TOTAL</td>
</tr>
<tr>
<td><strong>REVENUES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fares</td>
<td>$ 8,437,793</td>
<td>$ 277,535</td>
<td>$ -</td>
<td>$ 8,715,328</td>
</tr>
<tr>
<td>Operating assistance:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales tax revenue</td>
<td>-</td>
<td>5,897,406</td>
<td>4,468,323</td>
<td>10,365,729</td>
</tr>
<tr>
<td>Federal grants</td>
<td>9,842,643</td>
<td>-</td>
<td>-</td>
<td>9,842,643</td>
</tr>
<tr>
<td>Local and state grants</td>
<td>23,513,295</td>
<td>-</td>
<td>-</td>
<td>23,513,295</td>
</tr>
<tr>
<td>Interest income</td>
<td>120,480</td>
<td>-</td>
<td>-</td>
<td>120,480</td>
</tr>
<tr>
<td>Other</td>
<td>431,302</td>
<td>-</td>
<td>-</td>
<td>431,302</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>42,345,513</td>
<td>6,174,941</td>
<td>4,468,323</td>
<td>52,988,777</td>
</tr>
<tr>
<td><strong>EXPENSES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>25,798,568</td>
<td>173,850</td>
<td>313,968</td>
<td>26,286,386</td>
</tr>
<tr>
<td>Professional and technical services</td>
<td>2,335,642</td>
<td>92,684</td>
<td>46,418</td>
<td>2,474,744</td>
</tr>
<tr>
<td>Materials and supplies</td>
<td>4,341,133</td>
<td>623,983</td>
<td>139,789</td>
<td>5,104,905</td>
</tr>
<tr>
<td>Utilities</td>
<td>585,500</td>
<td>1,360</td>
<td>1,520</td>
<td>588,380</td>
</tr>
<tr>
<td>Insurance</td>
<td>1,526,270</td>
<td>-</td>
<td>-</td>
<td>1,526,270</td>
</tr>
<tr>
<td>Taxes</td>
<td>192,928</td>
<td>-</td>
<td>-</td>
<td>192,928</td>
</tr>
<tr>
<td>Purchased transportation</td>
<td>4,134,771</td>
<td>5,053,631</td>
<td>1,473,232</td>
<td>10,661,634</td>
</tr>
<tr>
<td>Sales tax state admin fees</td>
<td>-</td>
<td>228,706</td>
<td>189,504</td>
<td>418,210</td>
</tr>
<tr>
<td>Interest expense</td>
<td>212,384</td>
<td>-</td>
<td>-</td>
<td>212,384</td>
</tr>
<tr>
<td>Other</td>
<td>652,656</td>
<td>727</td>
<td>144,896</td>
<td>798,279</td>
</tr>
<tr>
<td>Inter-program transfers</td>
<td>(5,130,966)</td>
<td>-</td>
<td>5,130,966</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>34,648,886</td>
<td>6,174,941</td>
<td>7,440,293</td>
<td>48,264,120</td>
</tr>
</tbody>
</table>

**EXCESS (DEFICIENCY) OF REVENUE BEFORE CAPITAL AND FINANCING ITEMS OVER EXPENDITURES**

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7,696,627</td>
<td>-</td>
<td>(2,971,970)</td>
</tr>
</tbody>
</table>

**INCOME (EXPENSE) FROM CAPITAL AND RELATED FINANCING:**

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gain (Loss) on disposal of assets</td>
<td>(81,688)</td>
<td>(273,475)</td>
<td>-</td>
<td>(355,163)</td>
</tr>
<tr>
<td>Capital contributions</td>
<td>2,619,373</td>
<td>-</td>
<td>-</td>
<td>2,619,373</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(8,298,495)</td>
<td>(289,579)</td>
<td>-</td>
<td>(8,588,074)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(5,760,810)</td>
<td>(563,054)</td>
<td>-</td>
<td>(6,323,864)</td>
</tr>
</tbody>
</table>

**CHANGE IN NET POSITION**

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 1,935,817</td>
<td>$(563,054)</td>
<td>$(2,971,970)</td>
</tr>
</tbody>
</table>